

A Nobel Exhortation: 'Let New Age Be Born!' Jointly Accepting Peace Prize in Oslo, Mandela and de Klerk Voice Optimism

By John Darnton

OSLO — The two were opponents and collaborators — one the freedom fighter who suffered nearly three decades in prison, the other the architect of the white power structure who finally bowed to the imperative for change. On Friday, they accepted the 1993 Nobel Peace Prize for their great joint enterprise of bringing peace and nonracial democracy within reach of South Africa.

"It will be," he said, "about future peace and stability, about progress and prosperity, about nation building." "Five years ago, people would have seriously questioned the sanity of anyone who would have predicted that Mr. Mandela and I would be joint recipients of the 1993 Nobel Peace Prize," he noted, and a titter of laughter from the audience told him he was right.



EC Leaders Deny Delors Full Support On Jobs Plan

Concern Over Spending Dominates the Summit, Trade Issues Sidelined

By Tom Buertke

BRUSSELS — European Community leaders expressed support here Friday for a long-awaited plan to tackle the bloc's record unemployment, but they looked likely to stifle the plan's core, a multibillion-dollar borrowing program to finance huge public works projects.

Bitter Heartland Means Hard Times for Yeltsin

By Lisa Hockstader

TOGLIATTI, Russia — If the social upheaval that has swept Russia in the last two years is almost inevitable, an electoral backlash against President Boris N. Yeltsin's reforms, as some analysts predict, it is a good bet that it will happen here.

erally back Mr. Yeltsin's policies. Most opinion surveys indicate that pro-reform parties will do well in the vote. But the impression was that support for the opposition, including ultranationalists and Communists, is sufficiently widespread that Mr. Yeltsin could find the next Russian legislature nearly as difficult to work with as the last.

3 Palestinians Killed as Violence Surges

By David Hoffman

JERUSALEM — Three Palestinians were shot and killed on Friday while sitting in a parked car, and radical Jewish settlers said they carried out the attack to avenge the shooting death earlier this week of two Jews.

Mr. Rabin said, but he warned that without the agreement between Israel and the Palestine Liberation Organization, "the terror will increase." In a surprise move, Hanan Ashrawi, one of a new generation of Palestinians from the territories who gained worldwide attention as a spokeswoman for the delegation to the peace talks, said she would refuse to accept any appointment in the new Palestinian governing authority.

from the West Bank town of Jericho and the Gaza Strip. Mr. Rabin and the Palestine Liberation Organization chairman, Yasser Arafat, will meet Sunday in Cairo in an effort to narrow outstanding disagreements on the pullout. Mr. Rabin pledged an "intensive" effort to resolve the disputes.



An unemployed man and his children viewing campaign posters Friday in Moscow.

'Grave Step,' China Says, as Patten Submits Reforms

By Kevin Murphy

HONG KONG — Defying China, Governor Chris Patten on Friday sent a democratic reform bill to the Hong Kong legislature, the first formal step toward enactment of measures Beijing rejects as unacceptable.

agreements Britain made on the return of Hong Kong to Chinese sovereignty in 1997. Anticipating Britain's decision to act without China's consent, Beijing has accelerated its preparations for governing Hong Kong after 1997 — including rapid development of a potentially destabilizing shadow government.

drop the voting age from 21 to 18 and abolish appointed membership to local municipal government bodies. In addition, the bill would allow 28 Hong Kong residents who are members of China's parliament, the National People's Congress, to run for elections and hold office in the Legislative Council.

Table with financial data including Dow Jones (18.89), Trib Index (109.45), and various currency exchange rates.

With Burst of Power, Fusion's on Its Way

By Boyce Rensberger

PRINCETON, New Jersey — The long-repeated promise of abundant and clean electrical power from controlled nuclear fusion — the same process that drives the sun — took a large step toward reality here as scientists achieved a world record in the amount of power produced in a fusion reactor.

"We're on our way to achieving the goals of fusion power," the lab's deputy director, Dale M. Meade, said after applause died down in the reactor's control room during the test on Thursday.

ar warheads. The Princeton lab's goal is to reach an output of 5 million watts by the end of this year. That projected output would be 200 times more than the reactor had produced before and 50 million times as much as early fusion reactors achieved in the 1970s.

Advertisement for 'Rating the World's Best Restaurants' featuring a 'Kiosk' and 'United States' branding.

Major and Reynolds Report Progress on An Ulster Accord

By Craig R. Whitney
BRUSSELS — British and Irish leaders on Friday discussed the terms of a proposed joint statement to encourage peace in Northern Ireland...

As usual, State Department officials kept details of the talks quiet. Mr. Hubbard had been expected to make clear that the United States and the International Atomic Energy Agency consider the North Korean offer inadequate...



DAILY BREAD — Georgians handing over food coupons to get their daily bread allotment Friday in the Georgian capital, Tbilisi.

WORLD BRIEFS

Clinton Is 'Aggressively Pursuing' Pact on Korean Nuclear Inspection

WASHINGTON (AP) — President Bill Clinton said Friday that he was "aggressively pursuing" an arrangement to allow inspections of North Korean nuclear sites...

Ochetto Questioned at Own Request

ROME (Reuters) — Achille Occhetto, a possible future Italian leader after his local election triumph last weekend...

Russia Denies Imposing a NATO Veto

MOSCOW (Reuters) — Foreign Minister Andrei V. Kozhevnikov played down a diplomatic standoff with NATO on Friday...

Algerian Hijacker Is Foiled in Nice

NICE (Reuters) — The police overpowered a lone Algerian hijacker who seized a French airliner at knife-point on Friday...

Colombian Drug Ring Seeking a Deal

BOGOTA (AP) — Leaders of the Cali drug ring, rid of their chief rival, Pablo Escobar Gaviria, have reopened an offensive to negotiate a settlement with the government...

For the Record

A Cambodian airliner collided with a light plane over Senegal's Dakar airport Thursday but landed with its 49 passengers and crew unhurt...

TRAVEL UPDATE

Eurolines Moves Paris Bus Terminal
PARIS (IHT) — Eurolines, a scheduled international bus service, has opened a new terminal at Bagnelet, east of Paris...

To Havel, Acceptance of Gypsies is 'Litmus Test'

By Henry Kamm
PRAGUE — To President Vaclav Havel, the hardships faced by Eastern Europe's Gypsy populations, like violence against foreigners...

In Move to Get Convoys to Muslims, UN Halts Fuel to Serbs

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina — The United Nations said Friday that it was halting all fuel deliveries to Bosnian Serbs until the Serbs started letting aid convoys through to Muslims...

Greek Minister Apologizes for Insulting Bonn

BRUSSELS — The Greek European affairs minister, Theodore Pangalos, apologized to Germany on Friday for calling the country "a giant with bestial force and a child's brain"...

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Russians Undergoing Major Revival Of Religious Faith, a Report Finds

NEW YORK — A report on religious changes in Russia has put numbers on what was already viewed as an extraordinary revival of faith. The report, made public in Washington by the National Opinion Research Center...

RUSSIA: Surge of Support for Opposition Means Hard Times for Yeltsin

In a television appearance on Tuesday night, Mr. Zhirinovskiy promised a new information regime if he takes power. "Ninety percent of all the information on our TV channels will be only about Russia — in good Russian," he said...

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Christopher, in Symbolic Visit, Meets With Arafat in Tunis Talks Cover Economic Reality of Self-Rule

By John M. Goshko

Washington Post Service

TUNIS Secretary of State Warren M. Christopher on Friday became the first top-level American official to call on Yasser Arafat, the Palestinian Liberation Organization chairman, at the Tunis headquarters from which the PLO has operated since Israeli troops drove it from Lebanon, a decade ago.

ISRAEL: 3 Palestinians Killed

Confirmed from Page 1
...id and his son, Shalom, were killed by Palestinian gunmen who sprayed their van with bullets. On Thursday, a Palestinian farmer was shot in his field near the Jewish settlement of Shiloh, and two Jewish settlers, one a minor, were arrested.

important largely as a symbolic expression of the epochal change that has taken place in the relations between the United States and an organization that Washington long shunned as terrorist.

PRIZE: Ex-Rivals Honored in Oslo

Continued from Page 1
...haired Mr. Mandela finally stepped out of jail. The ANC leader was acknowledged throughout the world as spokesman for the oppressed black majority.



ATTACK ON CAIRO THEATER — Security officers outside a Cairo movie theater that was attacked by gunmen believed to be Islamic militants. They killed one person and wounded six.

Foreigners Step Up Flight From Algeria

Compiled by Our Staff From Dispatches

ALGIERS — The exodus of foreigners fleeing death threats from Islamic militants accelerated Friday after Russia, the United States, Germany and France moved to reduce the number of their nationals in Algeria.

Airlines said flights to Europe were fully booked until Jan. 10, with many foreigners, notably French, planning to leave the country after the start of Christmas school vacation on Dec. 15.

The U.S. State Department urged Americans late Thursday to leave Algeria unless they had compelling reasons to stay, and said the U.S. Embassy staff was being cut to a minimum for security reasons. It also warned Americans not to travel to Algeria.

A German Foreign Ministry spokesman said Friday in Bonn that many embassy personnel had already left and that Germany was considering further staff reductions at its embassy in Algiers.

The Foreign Ministry said about 1,000 German nationals lived in Algeria. Bonn warned Germans on Monday not to travel to Algeria.

Russia also announced Thursday that it was evacuating the families of its embassy and trade center staff. France, the former colonial power, said it was cutting back on its 600 government personnel here.

Even before the official moves, foreigners had begun leaving the country since Islamic militants began targeting foreigners three months ago. The militants seek to overthrow the government and set up a fundamentalist state.

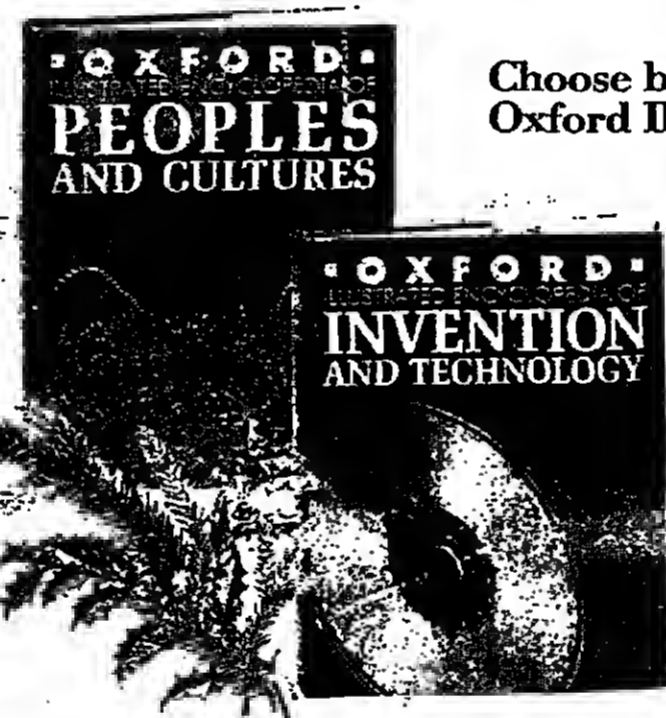
Eleven foreigners have been killed since September, of these four have been killed since Dec. 1, the date the militants gave foreigners to leave the country or face death.

lay, 1993 e 9

community to keep the dangers in perspective.
"I know foreign citizens are affected but a lot of Algerians are also affected," the opposition leader, Said Saadi, said Friday.
"It would be preferable that foreign citizens not panic. There is a risk but it is a manageable risk," he added. "One should not play into the hands of this blackmail by violence."
In the last year, the United States has repatriated the families of some diplomats and closed the American school and the consulate in Oran.
But the American Cultural Center, which is in the relatively well-protected Hydra district of the capital, was operating normally.
A State Department spokesman said there 440 Americans were registered with the U.S. Embassy who were not connected with the embassy. She declined to say how many diplomats were being withdrawn.
Most of the Americans are in the oil industry, based in the far south where American companies are working a dozen prospecting concessions in the Sahara in cooperation with the Algerian state oil and natural gas company, Sonatrach.
France, the most prominent foreign presence here, urged vigilance by its citizens.
Foreign Minister Alain Juppé said Thursday that a "falling back" — rather than a "withdrawal" — of some French nationals and their children was being planned.
Half of the 8,000 recently resident French — those without historical ties to Algeria — left the country at the beginning of November, according to reliable estimates. A second wave of departures is expected as of Wednesday.
French companies here have advised technicians and other staff members not regarded as indispensable to take time off in France while waiting to see how the situation develops. (AFP, Reuters)

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Daisy Adams, 113, Dies, Was the Oldest Briton

The Associated Press
CHURCH GRESLEY, England — Daisy Adams, Britain's oldest person, died at a nursing home Wednesday. She was 113 years old.
Mrs. Adams was born in 1880, before the car and the telephone. The daughter of a lay preacher, Mrs. Adams had five children and her husband was killed on the first day of the Battle of the Somme in 1916.
The longevity of the nonsmoking, churchgoing septuagenarian was a result of a simple life, Mrs. Adams' family said.
Her place as the country's oldest surviving person is taken by Rebecca Hewison, 112, of Grimsby. She will have to live three more years to overtake Britain's oldest person ever, according to the Guinness Book of Records. That record belongs to Charlotte Hughes of Redcar, who died earlier this year aged 115 years 229 days.
Ayatollah Khomeini, 98, Critic of Ayatollah Khomeini NICOSIA (AP) — Grand Aya-

tollah Mohammed Reza Golpaygani, 98, a pre-eminent spiritual leader among Shiite Muslims, died Thursday in Tehran of a lung disease.
Ayatollah Golpaygani was a frequent critic of Ayatollah Ruhollah Khomeini, patriarch of Iran's 1979 Islamic Revolution. He opposed the takeover and redistribution of land during the Khomeini era and his followers clashed in several cities.
But Ayatollah Golpaygani was considered to be close to Ayatollah Sayed Ali Khamenei, Ayatollah Khomeini's successor as Iran's spiritual leader.
Dhanraj Senanayake Jayasundera, 56, chairman of Hayleys Ltd, one of Sri Lanka's biggest companies, died of a heart attack while on vacation in Australia, company sources said Thursday.
Anders Franzen, 75, the pioneering marine archaeologist who located the 17th-century warship Vasa at the bottom of Stockholm harbor, died Wednesday after a prolonged illness.

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For All the Brave Voices

As Allison DeForge, an American board member of Human Rights Watch, stepped onto the plane at Kigali airport at the end of her investigative mission in Rwanda, she saw the government's reputed chief torturer slide up beside the local human rights director, Monique Mujawamariya, on the tarmac and whisper something in her ear...

Mujawamariya was one of a small group that sat for coffee with President Bill Clinton at the White House. She was being honored not only for her monitoring work in Rwanda but for her human rights activities in Burundi and Zaire as well. In a way she is also a proxy for women and men like herself who live unprotected in often dangerous places...

— THE WASHINGTON POST

Beyond the Brady Bill

Consider some multiple murders, committed over the last few years, and the headlines that might describe them: Deranged Gunman Kills 22 in Killeen, Texas. Deranged Gunman Kills 5 in Stockton, California. Schoolyard. Deranged Gunman Kills 8 in San Francisco Office Tower. And this week: Deranged Gunman Kills 5, Wounds 18 on Commuter Train in Garden City, New York.

Multiple murders by emotionally disturbed gunmen have become more common in America. Incidents in which four or more people are murdered now occur about 30 times a year, according to James Fox of Northeastern University's School of Criminology. A frequent form of mass murder is the "category killing," in which victims are chosen by race, nationality, gender or occupation. The Long Island killings were animated by racial hatred, in addition to mental instability.

California's gun control law requires a California driver's license and a 15-day waiting period before purchase. Mr. Ferguson somehow obtained a California license about two months before he bought the gun. The address on the license was the Long Beach motel where he stayed during the waiting period. After that period he picked up the gun and returned to New York. Nine months later he walked methodically through the Long Island train, shooting passengers.

— THE NEW YORK TIMES

Policy by Polls? Why Not?

Now it can be told: President Bill Clinton made some major decisions on his health plan on the basis of — gulp! — opinion polls. That is more or less what his pollster, Stan Greenberg, told a conference at the American Enterprise Institute this week. Mr. Greenberg said that he did some polling to see how Americans would react to a value added tax as a way of paying for universal health care. It turned out that they did not like it.

Mr. Clinton, who, you will recall, supported some tax increases this year. There is a lot of mystification over the polls and what they mean. Yes, there are politicians who will not make a move without a poll and who seem more influenced by the data than by, say, principles. The republic could do with fewer such politicians. There is also a lot of misuse of poll numbers. Interest groups regularly commission polls aimed at "proving" that the public agrees with them — and carefully edit what they ask and what they release.

— THE WASHINGTON POST

Other Comment

They Must Push On to Peace

There is bitterness, but no surprise as the war against peace continues to kill many and further threatens the first big political meeting, set for Monday, between Prime Minister Yitzhak Rabin and Yasser Arafat, the PLO chairman. The historic handshakes in Washington on Sept. 13 did not consecrate a definitive peace but rather an alliance between the doves of two opposing camps.

Relentless also to restore an atmosphere in which one may breathe, although it will be impossible to extinguish all the fires. To defer such measures would be to recognize the actions of the enemies of peace as being effective and victorious, not only in this round of negotiations but in those to come. Prolonging the transition gives more space, and time, to those destructive forces — thus increasing the chance of their eventual success.

— Il Giorno (Milan)

Mideast Peace: A Painful Rethinking on Both Sides

By Stephen S. Rosenfeld

TEL AVIV — The issues of peace in this country go far beyond the arguments over security and other terms that are frustrating Israeli and Palestinian negotiators and frustrating the anxious American kibitzers. Not that the issues on the table are trivial. The PLO's Yasser Arafat is under immense pressure to deliver far more immediate political independence and economic benefit than he can provide.

By Stephen S. Rosenfeld. university think tank. That is, territory that Arabs lost to Israel in the 1967 war can be traded back for a full peace between Israel and the affected Arabs. But peace cannot "reopen '67." Israel will not permit it to call into question the Zionist enterprise itself — the establishment of the Jewish state 45 years ago.

treated as a religious-cultural minority, it asserts an identity as a national minority. The irony is that just as Israel approaches a point where it might consider full incorporation of its Arab citizens, they start resisting incorporation into the Jewish state.

ened young or among residents of the occupied territories who believe Mr. Arafat and "Tunis" to be remote and politically suspect. This leaves Israelis, supposedly the passion of democracy in their region, in a reliable barrassing position. Desperate for a reliable Palestinian interlocutor, they endorse even as they lament Mr. Arafat's arbitrary and authoritarian ways, complaining not because he is excessively assertive, but because he is not assertive enough.

To Speed Russian Reform, Ease Up

By Padma Desai

NEW YORK — Russia's parliamentary elections on Sunday hold the promise of a fresh political start — new relationships between President Boris Yeltsin and the lawmakers, between reformers and conservatives, between Moscow and the periphery. Mr. Yeltsin stressed the importance of a strong presidency Thursday in urging the Russian people to support his draft constitution.

cutting subsidies to failing industries and farms and to consumers, while Mr. Chernenko worries about the impact of such drastic measures on already declining production, factory employment and living standards.

technologies to adopt. Should the nuclear submarine factory in Severodvinsk start producing out-and-gas-drilling platforms or commercial tankers, barges and tugboats? Should the submarine factory in Nizhni Novgorod convert to domestic kettles and irons? And who among the highly trained technicians should be laid off?



By FRANKO in Le Monde (Paris), City Syndicate

Will any of the changes lead to what Russia needs most: a sound and steady program of economic reform? Perhaps, but only if two other things happen. First, the International Monetary Fund has to relax its insistence on rapid, sweeping market reform in exchange for credits.

The key issue is the rate at which the budget deficit can be cut by controlling the rate of growth of the money supply. Inflation needs to be removed from the system by systematically curtailing subsidies to industry, farms and consumers. Factories and farms should learn to swim or sink in the turbulent sea of free markets.

Oil prices have been decontrolled in small steps, although coal prices were freed from controls in June. When some prices were cut loose in January 1992, policymakers hoped that there would be no price controls to be decontrolled. But the picture remains uneven. Russia's oil prices are 30 percent of world prices, but the prices of grain and some machinery are close to international levels.

All these constraints, which make it difficult to impose market economy rules, mean that the IMF's required methods of controlling inflation and the budget deficit are unrealistic. The IMF insisted in 1992 that Russia pare its budget deficit to 5 percent of the gross domestic product; the actual deficit was 20 percent. The 1993 deficit is likely to exceed 10 percent. The IMF should ease up; this means some subsidies for industry would continue. Triage would be unavoidable. Some major industries would get help, others wouldn't.

The 10 Values That Undergird East Asian Strength and Success

By Tommy Koh

SINGAPORE — In an interesting article, "Greater China Should Think Again About Being So Different" (H/T, Nov. 23), George Hicks complained that most of the values proposed by Asian critics of the West were negative. He concluded by posing a challenge: Can the East offer an alternative vision of the values needed for a better world? Here are 10 such values that East Asia represents.

individual tries to balance his interests with those of family and society. 2) East Asians believe in strong families. Divorce rates are much lower than those in the West, and Asians do not, as a rule, abandon their aged parents. They believe that the family is the building block of society.

of saving and frugality. It is no accident that Singapore's saving rate of 46 percent of GNP is the highest in the world or that Taiwan has larger foreign exchange reserves than any other country. East Asians believe, as individuals, families and governments, that they should lead frugal lives and live within their means.

some environment in which to bring up their children. A recent survey found that most Singaporeans do not want magazines such as Playboy to circulate in the country. Recently, the democratically elected government in Seoul refused to allow Michael Jackson to perform in South Korea. There is no reason Asians must adopt the Western view that pornography, obscenity, low language and behavior, and attacks on religion are protected by the right of free speech.

Giving In Won't Make Drugs Go Away

By A. M. Rosenthal

NEW YORK — The surgeon general of the United States is giving the cause of narcotics legalization its biggest boost ever in America. Dr. Jocelyn Elders thinks that legalization of narcotics would reduce crime. She wants "studies" to be made of the idea. "Studies" is a pretty word for the road to legalization. The only further study with any meaning would be to see how it works in the United States — by selling and using narcotics, openly, without penalty.

But drug availability, legal or not, means drug abuse. Abuse of alcohol destroys homes and lives. Abuse of narcotics does all that and also crowds the jails. Drug addicts do not mug or steal simply to get money for a fix. By the thousands, crimes are committed by drug-inflamed addicts. Drugs drive addicts into gutters in which they exist by crime.

How many more babies would die under legalization — battered by drug-maddened parents or born damaged? How many more Americans would be killed in accidents caused by drugged-out drivers? Money: We would be spending more, on more crime by more addicts, on care for more Americans driven into hospitals or the streets.

More than 90 percent of Singaporeans own their own homes. Singapore also has the world's highest percentage of citizens who own shares (50.5 percent, compared to 16.2 percent in Britain, and 11.7 percent in the United States). Each year, employees in the private and public sectors receive a performance-based bonus. This year, for example, every public-sector employee in Singapore will receive three and a half months' salary as bonus. Some employees in the private sector will receive even more. In these ways, we try to build communitarian societies.

International Herald Tribune advertisement listing KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, RICHARD McCLEAN, and other staff members.

Don't Write Off Legalization Lightly. THOUGH SUCH strong men as Senator Bob Dole grew faint over Dr. Jocelyn Elders's hypothetical remarks about drug legalization, she is hardly the first serious person to note that the violence fostered by the black market in drugs constitutes a growing public health problem.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO. 1893: History Ablaze. BRUSSELS — A terrible fire broke out at two o'clock this morning [Dec. 10] at large corn and wheat warehouses on the Scheidt embankment, Antwerp. It has destroyed about 6,000,000 fr. worth of corn, grain and wheat, besides the building, which is none other than the famous Hansaatic House built in the sixteenth century, and containing a precious historical relic, having been also occupied and garrisoned by Napoleon in 1794. The whole of the Antwerp corn trade is struck with consternation.

Pentagon Short by \$50 Billion Deficit Sets Up a Battle With Budget Office

By Michael R. Gordon
New York Times Service

WASHINGTON — After drafting an ambitious post-Cold War strategy, the Pentagon finds itself up to \$50 billion short of what it needs to carry out the plan and is skirmishing with the White House budget director over the money.

The dispute has been going on behind the scenes for weeks. But it broke into the open on Thursday when Leon E. Panetta, the director of the Office of Management and Budget, confirmed that the Defense Department would be short by \$40 billion to \$50 billion over the next five years. With President Bill Clinton trying to cut the U.S. budget, Mr. Panetta said he did not expect a change would be made in next year's Pentagon spending request.

Defense Secretary Les Aspin plans to ask for the extra money anyway when he meets with Mr. Clinton next week to discuss his budget, leaving Mr. Clinton to arbitrate the fight. The shortage stems from faulty inflation estimates and the decision by Congress to raise military pay.

That puts the president where he least wants to be: in a dispute between his budget director and the Pentagon, and potentially in a standoff with Senator Sam Nunn, the Georgia Democrat who heads the Senate Armed Services Committee and supports the Pentagon's push for additional money.

This latest episode is the opening round of the annual infighting over the budget. The debate is especially heated because Mr. Clinton is trying to protect the U.S. role as a military power while honoring his promise to shift the nation's priorities more to domestic programs.

Also at stake are the White House's relations with the uniformed military. "Something will have to give if we don't get the funds," a Pentagon official said. "We will either have to cut the forces and throw the strategy overboard, give up some weapons modernization, or get the funds we need from domestic programs."

Thus, the already tight Pentagon budget was further squeezed when Congress decided to order a pay increase for military personnel that the Clinton administration had not sought. That and other personnel decisions added \$14.5 billion to the Pentagon's five-year plan.

In addition, inflation estimates that were too optimistic also mean that the military budget is underfunded by \$35 billion, Pentagon officials say.

As a result, Pentagon officials say they are faced with a five-year shortage of almost \$50 billion. Mr. Nunn predicted this problem in March. He said then that he had received assurances from the White House that it would support increases in military spending if they were needed.

"I have been assured that the administration will not permit higher inflation in the future to damage our defense capability," Mr. Nunn said.

In addition, he said then that the White House had told him that the military budget would be fully protected if Congress voted to give the troops a raise over the administration's objections.

But now many federal agencies expect to be short of money, and the White House budget office is trying to hold the line against increases in military spending. Mr. Panetta said agency heads throughout the government were asking for \$20 billion more than they were going to get for next year.

Mr. Panetta said that he supported the Pentagon's new strategy, but added that he did not anticipate increasing next year's military spending request to make up the difference.

Asked if the White House planned to forgo any adjustments in the Pentagon spending request for next year, Mr. Panetta said, "Yes." Referring to the five-year, \$1.2 trillion Pentagon spending plan announced in March, he added, "The president has pretty much made a commitment that he wants to stick to those numbers."

Military spending has gone down steadily since the height of the Reagan administration's buildup in 1985, once the effects of inflation are taken into account.

Still, with a budget this fiscal year of \$262 billion, the Pentagon spends more than the other federal agencies, making it a tempting target for budget cutters.

As part of a comprehensive plan to develop a military force for the post-Cold War world, the Defense Department announced in September that it planned to field 10 active army divisions, 12 aircraft carriers, 20 active and reserve air force wings and a sizable Marine Corps.

Even that plan, which was approved by Mr. Clinton, initially posed affordability problems for the Pentagon. The price tag for the force was \$13 billion more than the Pentagon had planned to spend over five years, prompting the Defense Department to identify offsetting cuts.

Deeper cuts, experts say, could prompt a wide-ranging debate over the wisdom of the Pentagon's strategy of preparing for two regional conflicts, its multibillion-dollar decision to build a third Seawolf attack submarine to preserve the military industrial base and its decision to proceed with other costly weapons programs.

Guard and Reserves to Lose 127,000

The Pentagon announced Friday that the U.S. Army National Guard and Reserve would lose about 127,000 jobs over the next six years as part of reductions in U.S. military forces. The Associated Press reported from Washington. The plan is to reduce the Guard to 367,000 and the Reserve to 208,000 for a total of 575,000 by 1999.



GREETINGS IN ANKARA — Prime Minister Benazir Bhutto of Pakistan, left, and Prime Minister Tansu Ciller of Turkey exchanging greetings in Ankara as Miss Bhutto arrived on Friday for talks that were to focus on trade. Miss Bhutto's husband, Asif Ali Zardari, is at left.

Germans Aid Austria In Letter-Bomb Inquiry

VIENNA — The Austrian police said Friday that they were cooperating with their German counterparts in a hunt for links between neo-Nazi groups suspected of a wave of letter-bomb attacks in Austria.

Two Austrian neo-Nazis were arrested on Thursday on suspicion of sending the bombs, which wounded four people including Vienna's mayor, Helmut Zilk.

"We are at present pulling on a thread which could also lead to Germany," said Michael Sika, an Austrian security official. "But further investigations are needed."

Lawmakers Let Kazakh President Govern by Decree

ALMA-ATA, Kazakhstan — Kazakhstan's parliament voted Friday to disband and let President Nursultan A. Nazarbayev govern the former Soviet republic by decree until elections in March.

The resolution, which requires Mr. Nazarbayev's signature, would take effect next week after legislators vote on the Nuclear Nonproliferation Treaty.

Escapes Are Recaptured

The authorities said Friday that they had rounded up all nine rightist extremists who escaped from a prison near Cottbus in Eastern Germany earlier in the week. The Associated Press reported.

In Sunday Times: Is AIDS a Myth?

London Weekly Is Taking Iconoclastic Point of View

By William E. Schmidt
New York Times Service

LONDON — As the fastest and most popular of London's so-called quality Sunday broadsheets, The Sunday Times has come to relish a reputation as Britain's establishment iconoclast, a newspaper committed to challenging the conventional wisdom.

But the newspaper's latest crusade — a series of prominently displayed articles boldly arguing that the AIDS epidemic in Africa is a myth and strongly suggesting that HIV is not the way the AIDS infection spreads — has provoked bewilderment and anger among some government health officials, AIDS organizations and many scientists, some of whom have accused The Sunday Times of betraying the public trust and misleading its 4 million readers.

Articles in the paper over the last year have challenged anti-viral drug therapies used to combat AIDS, the reliability of AIDS testing, and the commonly held assumption that AIDS poses a serious risk to heterosexuals.

Nature, a London-based international science journal, accused The Sunday Times this week of pursuing a line of reporting on AIDS that was "seriously mistaken, and probably disastrous."

In an editorial in the Dec. 8 issue, Nature said it was so alarmed by what it called the "unbalanced" and "selective" nature of the paper's reporting on AIDS that it would regularly monitor and critique the coverage in The Sunday Times, partly out of concern about the potential damage the paper was causing by leading young people and adults to believe they have little reason to fear infection with HIV.

Nature's broadside followed an article last weekend in which The Times accused Nature, along with other scientific journals and mainstream newspapers, of "self-imposed censorship" for refusing to give more coverage to those who doubt AIDS is caused by HIV.

The Sunday Times' series of articles — with headlines like "African AIDS Plague 'a Myth,'" and "AIDS: The Plague That Never Was" — are drawn, in part, from the theories of a group of scientific skeptics who have dissented from the widely accepted view that AIDS is spread by HIV infection.

Dissident theories on the putative cause of AIDS, including those of Peter Duesberg, an American molecular biologist, have been widely debated in the last decade and dismissed by most government and research organizations as scientifically ungrounded.

Kate O'Neil, a spokesman for the Terrence Higgins Trust, Britain's largest AIDS charity, said she agreed that newspapers have a responsibility to question any orthodox view.

"But the problem is, they are not giving all the facts, which means they are misleading some and giving others false hope," she said.

Neville Hodgkinson, The Sunday Times' science editor and the author of most of the stories, said the paper was serving the public interest by telling readers that serious scientists and researchers dissented strongly from the accepted view that HIV causes AIDS.

PATTEN: Chinese Rebuke

Continued from Page 1

China refuses to give its final approval to a series of large infrastructure projects including a new airport for Hong Kong.

Important administrative agreements on the many technical and legal aspects of the 1997 handover normally discussed by the Joint Liaison Group have slowed to a trickle since the electoral reform dispute began.

The prospect of future disputes moved the international credit rating agency, Moody's Investors Service Inc., to downgrade the long term debt of Hong Kong's quasi-public urban rail system on Friday.

Citing uncertainty for Hong Kong's relations with China after 1997 and the threat it poses to the stability of the Hong Kong dollar, Moody's said it would downgrade the local dollar debt of the Mass Transit Railway Corp. from its A2 to A1 classification.

The Hong Kong government called Moody's decision "disappointing and surprising."

FUSION: A Burst of Power Heralds Future Promise

Continued from Page 1

hazardous waste, although it does make the reactor walls temporarily radioactive — could be the successor to conventional nuclear fission plants that produce large amounts of radioactive waste.

Notably ecstatic at the results were the scientists who have devoted as much as 20 years to designing and building the Tokamak Fusion Test Reactor and to operating it at

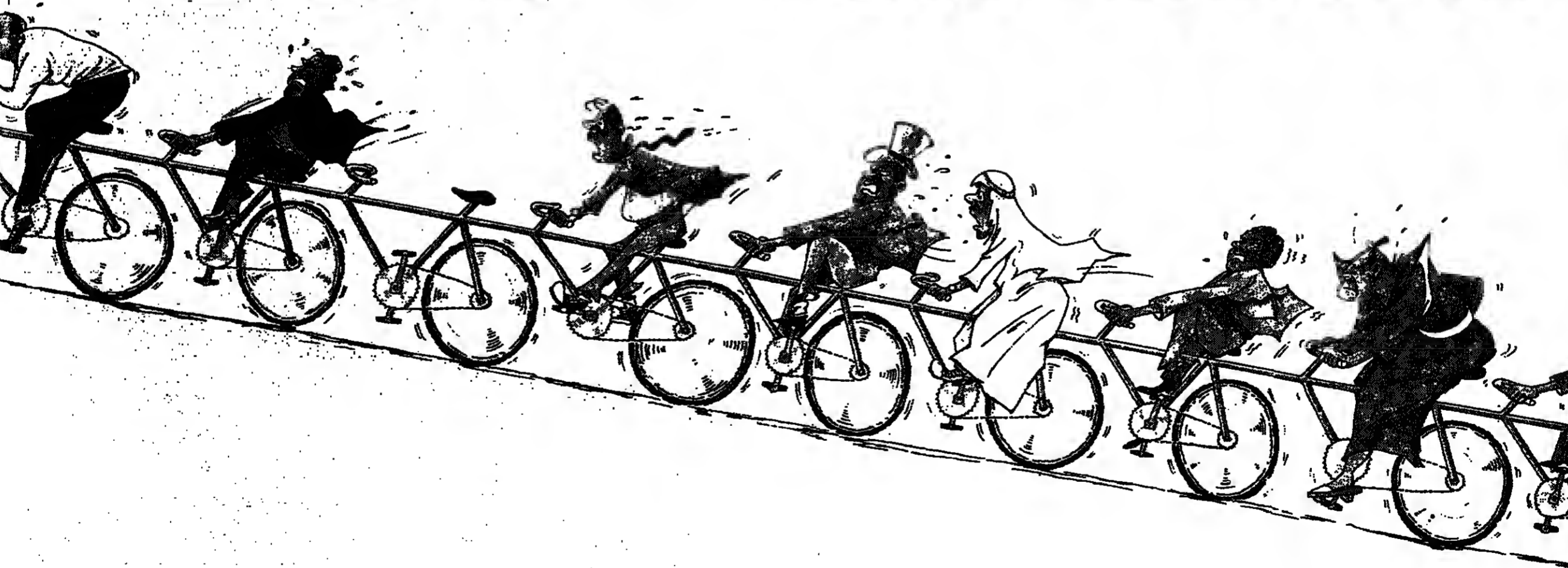
lower power levels with other fuels to see how it performs. Tokamak is a Russian acronym for "toroidal magnetic chamber with current," a concept for a doughnut-shaped reactor first advanced by Russian physicists.

"For many of us this is not so much a climax as the start of a new phase in fusion power development," said Ronald C. Davidson, director of the laboratory. "The real issue is energy security for the

long term. Despite what some people think, we are not secure now. But this is the role fusion can play for the long term."

Throughout the evening, dozens of scientists and technicians operated the reactor and monitored events from a control room lined with computer screens. There were remote-controlled video monitors that scanned the huge reactor, which is as tall as a five-story building, housed in a nearby structure.

WITHOUT A FULL TEAM, IT'S UPHILL FOR THE U.N.



Why has the Republic of China on Taiwan, one of the world's strongest democracies, been banished from the world stage? Such exclusion from the U.N. and other world forums is unfortunate and detrimental to world affairs.

All because of rhetoric that ignores reality. Communist China says the Republic of China on Taiwan does not exist. But that's a ploy which simply won't work anymore. How is it possible to ignore 21 million people, who make up the world's 20th largest economy, 14th largest trading nation, a blossoming democracy, and a colorful culture?

Communist China also argues that the U.N. is not big enough for two Chinese seats, even if only temporarily, until China's unification is achieved. But the U.N. was big enough for two Germans, and is still big enough for the two divided parts of Korea. So much for that argument.

Rhetoric can't change reality. The Republic of China on Taiwan exists. The international community should not be bullied into playing along with any charade to the contrary. It's high

time the international community says "no" to Peking's attempts to block the Republic of China from assuming its rightful role as a responsible, charitable and key member of the U.N. family of nations.

Yes. The 21 million Chinese on Taiwan are ready, willing and able to assume a role in the U.N., to do their share in building a better U.N. and more harmonious world. Their continued exclusion is no longer justified. Reality and reason, not rhetoric, should make the world go round.

So, isn't it time for the U.N. to give the Republic of China on Taiwan a chance to participate in the most august of world bodies?

The Republic of China on Taiwan. We're Ready.

**TODAY'S
TAIWAN**

**REPUBLIC
OF CHINA**

NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE Ratio High Low Last Chg

12 Month High	12 Month Low	Stock	Div	Yld	PE Ratio	High	Low	Last	Chg
100	80	IBM	1.50	4.5	12	100	95	98	+3
40	35	Microsoft	0.00	0	15	40	38	39	+1
50	45	Apple	0.00	0	10	50	48	49	+1
100	90	Oracle	0.00	0	15	100	95	98	+3
100	90	Sun	0.00	0	15	100	95	98	+3
100	90	Lucent	0.00	0	15	100	95	98	+3
100	90	Motorola	0.00	0	15	100	95	98	+3
100	90	Qualcomm	0.00	0	15	100	95	98	+3
100	90	Northern	0.00	0	15	100	95	98	+3
100	90	WorldCom	0.00	0	15	100	95	98	+3
100	90	Verizon	0.00	0	15	100	95	98	+3

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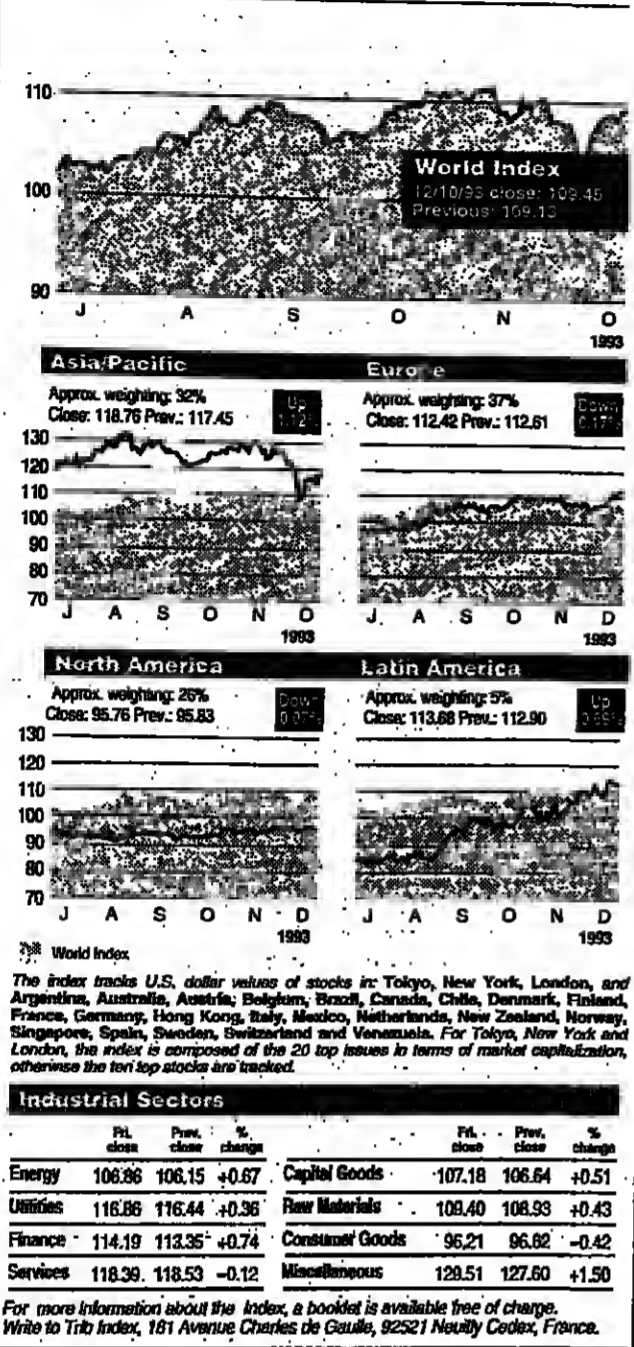
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THE TRIB INDEX: 109.45

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries...



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers...

Economy Reheats In China

Leadership Takes Foot Off Brakes

BEIJING — China's economy is heating up again after just four months of cooling down in what economists said was a sure sign the government had released the brakes for another burst of growth...

Japan's GNP Jumps a Bit

But 3d Quarter Data Called Misleading

TOKYO — Surprising figures produced by the government Friday showed the Japanese economy growing at a rate well above the recessionary pace the Japanese have resigned themselves to...

U.S.-EC Dispute Over Shipping Hits GATT Talks

Other problems that could threaten a deal were focused on the area of services and in the shaping of new rules against dumping.

GENEVA — The chaotic talks on world trade turned even messier Friday when the United States and European Community picked a new fight over shipping and remained at odds over the film industry.

Nynex May Cut 22,000 Jobs

WHITE PLAINS, New York — Nynex Corp. moving to cut costs in the face of intensifying competition...

Mr. Pierce said Nynex will have trouble cutting that many employees while continuing to maintain its service quality standards set by the public service commission.

ECONOMIC SCENE

Europe Picks Up the Subatomic Pieces

GENEVA — Will Europe's ambitious plans for a new particle smasher fall into the same budgetary black hole as the defunct Superconducting Supercollider in Texas? For several reasons, it seems not.

knowledge of the universe when it was only billions of a second old. Final proposals for the collider and a description of planned experiments will be put to the council of member countries next Friday.

CURRENCY & INTEREST RATES

Table with columns for Cross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates. Includes data for various currencies and interest rates.

9 Reasons to Have a Second Passport

This is a totally different reveal-it-all Guide to nearly 50 foreign passports you can get from around the world. It's not the usual Report about getting a second passport, but a Guide to actually obtaining one - the costs, the bargains, the give-aways, the waiting periods (if any), the conditions, who exactly to contact and where.

Passport Guide Reservation Form. Includes fields for name, address, phone, and a section for 'Discover the Best Passport for You'.

Sweden Clears Gota Bank Sale To Nordbanken

STOCKHOLM — The government said Friday it had approved the sale of Gota Bank to Nordbanken, a day after the only other remaining bidder had withdrawn its offer.

Canal Plus: Poised for Global Leap? French Law Opens Way for Big Multimedia Groups

PARIS — The government is preparing the way for Canal Plus SA, Europe's leading pay-television company, to join the top league of global media companies.

Investor's Europe

Table with columns for Exchange, Index, Friday Close, Prev. Close, and % Change. Includes data for Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, and various regional indices.

SUMMIT: EC Tepid on Jobs Plan

Continued from Page 1 Community's budget, not necessarily to a shifting of funds in favor of the farmers.

GATT: Snag on Shipping

Continued from Page 11 fall today because the Hollywood lobby is more powerful than the French agricultural lobby," Mr. Juppé said.

Smoothing Out Volvo's Ride

Morever, although its truck business remains healthy, Volvo faces difficulty raising the hundreds of millions of dollars it needs to begin developing its next generation of cars.

- Very briefly: France's trade surplus swelled to 9.57 billion francs (\$1.64 billion) in September, after 2.90 billion francs in August...

Britain's Trade Gap Widens

LONDON — Britain's trade deficit nearly tripled in September as imports climbed 4.1 percent, the Central Statistical Office said Friday.

NASDAQ Friday's Prices

Large table of NASDAQ stock prices with columns for High, Low, Last, and Change. Includes various stock listings and market data.

Super Shares II? Murdoch Denies Talk of New Plan

Compiled by Our Staff From Dispatches
SYDNEY — Rupert Murdoch, chairman and chief executive of News Corp., denied Friday what he called "speculation" that he planned to formulate a revised "super-share" proposal for the media giant.

The chairman also said that recent comments and reports that the company had been negotiating with multinational telecommunications companies to take an equity stake in News Corp. were false.

Mr. Murdoch's statement came amid a flurry of speculation following News Corp.'s announcement this week that it decided to withdraw its controversial proposal to create a new class of shares with super voting rights.

The chairman told shareholders at the annual general meeting in October that the company was seeking the new class of shares to maintain current shareholder control of the company if it seeks a major new equity partner in the telecommunications industry.

"On Wednesday, the company announced that it had decided to withdraw the proposal from the Australian Stock Exchange be-

Daewoo Focuses on Cars Hands-On Chairman to Revamp Unit

SEOUL — The founder and chairman of Daewoo Group is heading for the suburbs in a bid to convert the car division of his sprawling conglomerate into its leading specialty.

The chairman, Kim Woo Chong, said he is personally taking charge of a project to streamline and restructure Daewoo Motor Co., the group's unlisted car-building subsidiary.

"I will personally take charge of the project and will move to Incheon City for one year," Mr. Kim said during a recent visit to the western port city, the focal point of Daewoo's car production.

A group spokesman said Mr. Kim was expected to move there early next year after a round of foreign business trips.

"Decision-making will occur on location," Mr. Kim said, signaling a departure from the formal style of centralized management common to South Korea's *chaebol*, or diversified conglomerates, in which affiliates compete for internal resources.

Mr. Kim's move is in line with government calls for the unwieldy *chaebol* to streamline their businesses and concentrate on core sectors.

It is also the strongest indication to date that Daewoo has chosen the car industry as one of its preferred fields of specialization.

Daewoo is involved in a multitude of other activities, including shipbuilding, electronics and electrical appliances, trading and financial services, but the days of the *chaebol*'s unlimited business spread are numbered.

The government, worried that some conglomerates are overextended, recently said it would implement a plan to encourage the 30 top *chaebol* to specialize starting next year.

The Trade Ministry said the top 10 conglomer-

U.S. Warns Tokyo on Software Copyrights

TOKYO — A senior U.S. official Friday criticized a proposal under study by Japanese officials that would limit the scope of software copyrights, saying it could lead to unfair software copying.

The proposal is being considered by a committee advising the head of the Agency of Cultural Affairs, which supervises copyrights.

The U.S. official, who spoke on condition she not be identified, said the result of the possible Japanese change would be to "severely curtail" the rights of software makers. She said Washington views the issue with the "greatest concern."

One group of major U.S. computer and software firms, including International Business Machines Corp. and Apple Computer Inc., fear the committee might propose a law that would permit "decompilation" — the equivalent of taking apart another company's television set to figure out how they built it.

Decompilation would allow someone to look at the code of a computer program without being prosecuted for a copyright violation.

By rewriting that code to prevent a charge of outright copying, a software maker could virtually duplicate another company's software without breaking the law, said Mac Jeffery, a spokesman for IBM.

But Steve Clayton, a lawyer in Tokyo for the American computer company Sun Microsystems Inc., said decompilation is simply a process that is already permitted in Europe and has been upheld by courts in the United States.

Sun is part of another faction of American computer firms that supports the Japanese panel's reported direction. They believe it would make it easier for software makers to produce programs that could supplement and be compatible with existing programs.

The move is in line with government calls for conglomerates to concentrate on core sectors.

Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	10,228.10	9,990.26	+2.38
Singapore	Straits Times	2,220.40	2,166.32	+2.50
Sydney	All Ordinances	2,084.90	2,095.70	-0.52
Tokyo	Nikkei 225	17,257.43	17,061.81	+1.15
Kuala Lumpur	Composite	1,075.85	1,067.34	+0.80
Bangkok	SET	Closed	1,480.63	
Seoul	Composite Stock	861.72	843.95	+2.11
Taipei	Weighted Price	4,844.03	4,680.26	-0.77
Manila	Composite	2,513.29	2,510.62	+0.11
Jakarta	Stock Index	528.46	525.32	+0.60
New Zealand	NZSE-40	2,103.97	2,108.53	-0.22
Bombay	National Index	1,832.16	1,604.18	+1.74

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- Vietnam said it would allow local joint-stock finance companies and commercial banks to raise as much as 30 percent of their capital from foreign shareholders and would allow overseas Vietnamese individuals and companies to buy, transfer and inherit shares.
- India sold a 45 percent stake of its Industrial Finance Corp. on the stock market for 5.25 billion rupees (\$169.2 million), the first of a series of planned privatization sales in its banking sector.
- Porsche AG plans to set up a servicing network in India and later will seek to increase sales to take advantage of the opening of the Indian market. There are only about 25 Porsches registered in India now.
- Indonesian banks' bad debts at the end of September amounted to 3.3 percent of their 169.47 trillion rupiah (\$80.6 billion) in outstanding credits, the Jakarta Post said, quoting the central bank governor; that was up from an earlier estimate of 2.8 percent.
- South Korean, French and U.S. companies are among 187 construction concerns invited to bid on a Japanese project to build and operate the nation's largest distribution center, at Yokohama port.
- China will tighten controls over foreign automakers' imports of components for local assembly in a move to protect its own car industry, the China Daily newspaper said.

Warburg Introduces Vietnam Derivative

HONG KONG — S.G. Warburg Securities (Far East) Ltd. introduced Friday the first derivative product to allow investors to tap Vietnam's growth prospects.

It said its Indochina Warrant, a call option into a basket of stocks in seven foreign companies doing business in Vietnam, would trade on the Luxembourg stock exchange.

Nippon Steel Considers a Plant in China

TOKYO — Badly in need of new high-growth markets, Nippon Steel Corp., the world's largest steelmaker, is looking into setting up a joint-venture steel plant in China.

Nippon Steel is considering setting up an electric furnace operation with an unnamed steelmaker in China's central Jiangsu Province, a company official said. A project study will be completed early next year.

A leading trading house, Mitsui & Co., will also take part in the project, the official said. Further details won't be available until the study is completed.

Analysts said Nippon Steel needs to get involved quickly in markets that offer fast growth potential, and a move toward production in China would be a good first step.

"Nippon Steel needs to find somewhere to grow, and must ensure that growth follows new investments," said Stephen Wolfe, analyst at Baring Securities (Japan) Ltd.

With a construction boom fueling enormous demand for steel, China offers a market of vast potential for growth. With its abundant supply of cheap labor, the joint venture could serve as base for exports to other growing Southeast Asian markets.

Analysts said Nippon Steel and the other Big Five Japanese steelmakers need some fast-growing markets to help balance sheets. Falling demand for steel at home and in major overseas markets, plus the appreciation of the yen, added up to huge losses for the five in the first half of the current financial year.

If the joint venture goes ahead, Nippon Steel would be the first Japanese steelmaker to set up an electric furnace in China.

TOKYO: GNP Expands, but Pessimism Is Unshaken

Continued from Page 11

ing the rice market, would be able to fashion a meaningful economic policy response.

Mr. Hosokawa's headaches were evident on Friday when Tomiichi Murayama, chairman of the Social Democratic Party that is the largest group in the coalition, urged the prime minister to maintain Japan's ban on rice imports.

"These members will help Mr. Hosokawa a bit, although he cannot claim any credit," Mr. Sasakawa said.

That could reduce the scale of income tax cuts that are expected to be unveiled next week. The reductions are likely to fall several trillion yen short of the high-end estimates of 10 trillion yen.

The GNP numbers could also delay further easing by the Bank of Japan, which many believe is preparing to trim the official discount rate from the current historic low of 1.75 percent. "The GNP numbers will hinder the Bank of Japan from cutting the discount rate," Toshiaki Kitahara, a market analyst at Okasan Securities, told Reuters.

The pessimistic view was underscored Friday in the *Tankan* survey by the Bank of Japan that showed business confidence had hit its lowest level since the oil shock in the mid-1970s. The quarterly survey, also foreshadowed further job cuts, sharply reduced expectations for recurring profits, and scaled-back capital spending plans.

"The November *Tankan* leaves no room for private-sector or public-sector complacency," said Jasper Koll, economist at S.G. Warburg.

The survey's key indicator, the diffusion index for manufacturing firms, fell to minus 56 in November, from minus 51 in August. The index compares the number of companies expecting business to improve to those expecting it to worsen. Its all-time low was minus 57 in February 1976.

While the number of companies reporting excess labor increased, Kagohide Kaku, director of the bank's research and statistics department, said companies were not planning "drastic labor cutbacks." Japan's unemployment rate, now 2.7 percent, will rise to 3.2 percent by next summer, Mr. Koll said.

CHINA: Economy Reheats

Continued from Page 11

try faces serious unemployment as large state industries slash bloated urban work forces just as more farmers leave the countryside for the cities, Reuters reported from Beijing.

Mr. Li said new urban unemployment during the first nine months of 1993 had reached 850,000, more than at any time over the past six years.

Beijing lacks meaningful employment statistics for China's 1.2 billion people, in part because many cases of joblessness are masked by official euphemisms such as "youth waiting for work."

Nevertheless, the rising number of urban residents without jobs has clearly alarmed the leadership.

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120	110	IBM	3.00	2.7	13	120	110	IBM	3.00	2.7	13
100	90	Microsoft	0.00	0.0	15	100	90	Microsoft	0.00	0.0	15
80	70	Apple	0.00	0.0	12	80	70	Apple	0.00	0.0	12
60	50	Oracle	0.00	0.0	10	60	50	Oracle	0.00	0.0	10
40	30	Amazon	0.00	0.0	8	40	30	Amazon	0.00	0.0	8
20	10	Google	0.00	0.0	6	20	10	Google	0.00	0.0	6

THE MONEY REPORT

FIRST COLUMN

GATTology And the Art Of the Guess

KREMLINOLOGY is dead, but its spirit lives on. If you require confirmation of that, look at the reporting of the negotiations leading up to what will undoubtedly be a successful conclusion of the General Agreement on Tariffs and Trade next week.

The events leading up to the deal have produced a mismatch between public pronouncements of rigidly entrenched positions and private diplomatic maneuverings of Nijski-like flexibility. This column thinks the deal is done, as do the world's financial markets.

But what a mass of dissimulation have the media had to sift through. The external signs from Geneva and Brussels have been on a par with detecting behavioral nuances in the grim lineup of geriatrics for the military parades in Red Square.

Throughout the final stages of the negotiations, we have had to guess at the realpolitik of the situation from a combination of terse communiqués and the bellicose rousings of certain politicians beating the chauvinistic drum for their domestic audiences.

THE modifications to the deal have more symbolic than economic importance—as do the sectors of the economies over which the arguments have (officially) raged. It is easy to lose sight of the fact that agreement is made between many countries, not just Europe and the United States. What we have witnessed recently is the sorting through of detail, the massaging of egos. The conclusion of the deal will bring something real: a long-overdue boost to trade on a global scale.

But because the markets have already factored a successfully concluded agreement into their present prices, there will be no dramatic market changes on the signing of the deal. If, however, a significant hitch occurs, there might just be enough pessimism around to spark a minor panic.

And, of course, it's surprising how much gasoline can be ignited by just one little spark.

M.B.

Auto Stocks Gleam Through the Gloom

By Aline Sullivan

THE eleventh-hour breakdown of merger plans between Renault of France and Volvo of Sweden at the beginning of this month prompted reams of press commentary on the depressed condition of the European automobile industry. But many industry analysts argue that the recession is now bottoming out, and auto stocks are poised for an upswing.

Investors should buy shares in European auto manufacturers now or in the next few months, the analysts said. All the gloom is obscuring the market's potential, and big cost cuts and curtailed production now should mean healthy profits within a few years.

Auto stocks soared earlier this year as investors anticipated the effects of lower industry rates and Europe's recovery from recession. But the recovery has so far failed to materialize and auto stocks have slumped once again. Analysts point out that there is now plenty of room for share values to appreciate.

"As sure as night follows day, things are going to get better," said Keith Hayes, auto analyst at Merrill Lynch in London. "There may be some consolidation in the next few months, but shares will go up again. Few of the stocks are anywhere near their historic highs."

Dagmar Bottenbruch, auto analyst at Crédit Suisse First Boston in Milan, expects the European carmakers to recover in the next two years, although substantial sales growth may be some time away. She is advising clients to buy shares in companies like Germany's Volkswagen and Italy's Fiat, with exposure to Eastern Europe, Southeast Asia and other emerging markets likely to generate strong sales in next few years. She is less keen on France's Peugeot, which has focused on the European market.

Not everyone is so cheery about the industry. Boh Barber, automotive analyst at James

The Europeans may benefit from consolidation, either through production and marketing agreements or mergers.

Capel & Co. in London, is advising clients to avoid European automotive stocks until the beginning of 1995.

"Sales will be down about 15 percent this

year and flat next year," said Mr. Barber. "We should start to see a recovery in 1995 but it will be gradual. The industry won't make up its losses for a number of years and it is unrealistic to expect sales in other countries to replace losses in Europe."

According to Mr. Barber, the current state of the European auto industry closely resembles that of the United States about a decade ago. Companies are being forced to make savage cost cuts but oversupply is likely to stay a problem for years, he said. The Japanese manufacturers are on target to raise their market share in Europe to about 16.5 percent by 1999 from the current 12 percent. Sales growth over the same period will be minimal or stagnant.

Like their U.S. counterparts a decade ago, European manufacturers need to review their models and marketing, and streamline their production processes, said Mr. Barber. "The European industry needs to adjust to a period of non-growth," he said. "We will only get the benefits of cost cuts when we move away from oversupply."

Companies are getting the message. Volkswagen of Germany, Europe's biggest car manufacturer, plans to cut its wage costs by 20 percent through the introduction of a four-day working week in its German plants next year. Its Audi subsidiary wants to implement flexible hours and production-free periods after cutting 4,000 jobs this year. And SEAT, Volkswagen's Spanish subsidiary, is cutting 9,000 jobs, or 40 percent of its payroll.

Other companies, including Germany's Daimler-Benz and Fiat, are also making big cuts, but analysts say slimming down will bring most benefits to Volkswagen. "The fattest has the most weight to lose," said Ms. Bottenbruch of Crédit Suisse. She said Volkswagen's restructuring plans make it attractive for investors now.

Philip Ayton, auto analyst at Barclays de Zoete Wedd in London, is also advising clients to buy Volkswagen shares. "It has the highest potential for recovery," he said. "If the company can control costs over the next few years, it should show the biggest share price gains."

Mr. Ayton also foresees improved earnings for the other major automakers, particularly Peugeot and Germany's BMW. "Shares in some companies may be slightly overvalued now but the longer-term potential is interesting as the companies address their capacity and marketing problems," he said. "The revenue line is not rising, so companies are attacking costs. That will work through by 1995, when the bottom line should look reasonable."

Longer term, the European carmakers may benefit from consolidation, either

through production and marketing agreements or mergers. Fiat shares were volatile earlier this year on rumors that the company could be taken over, although nothing has come of the company's alliance talks. Chairman Gianni Agnelli said in October that he expects further consolidation in the industry.

But the collapse of the proposed Renault-Volvo merger illustrated the difficulties of combining companies with strong national

'As sure as night follows day, things are going to get better. Few of the stocks are anywhere near their historic highs.'

identities. Analysts point out that apart from Volvo, which is unlikely to merge with another company after its shareholders rejected the merger with Renault, the automakers in Europe are now all roughly of the same size, making mergers unlikely in the near future.

"Volvo was unusual in that it was a small company," said Mr. Barber. "The others all have about 12 percent of the market. Any two together would mean more than 20 percent of the whole European market. Even if it could be arranged, the [EC Commission] competition authorities would probably object."

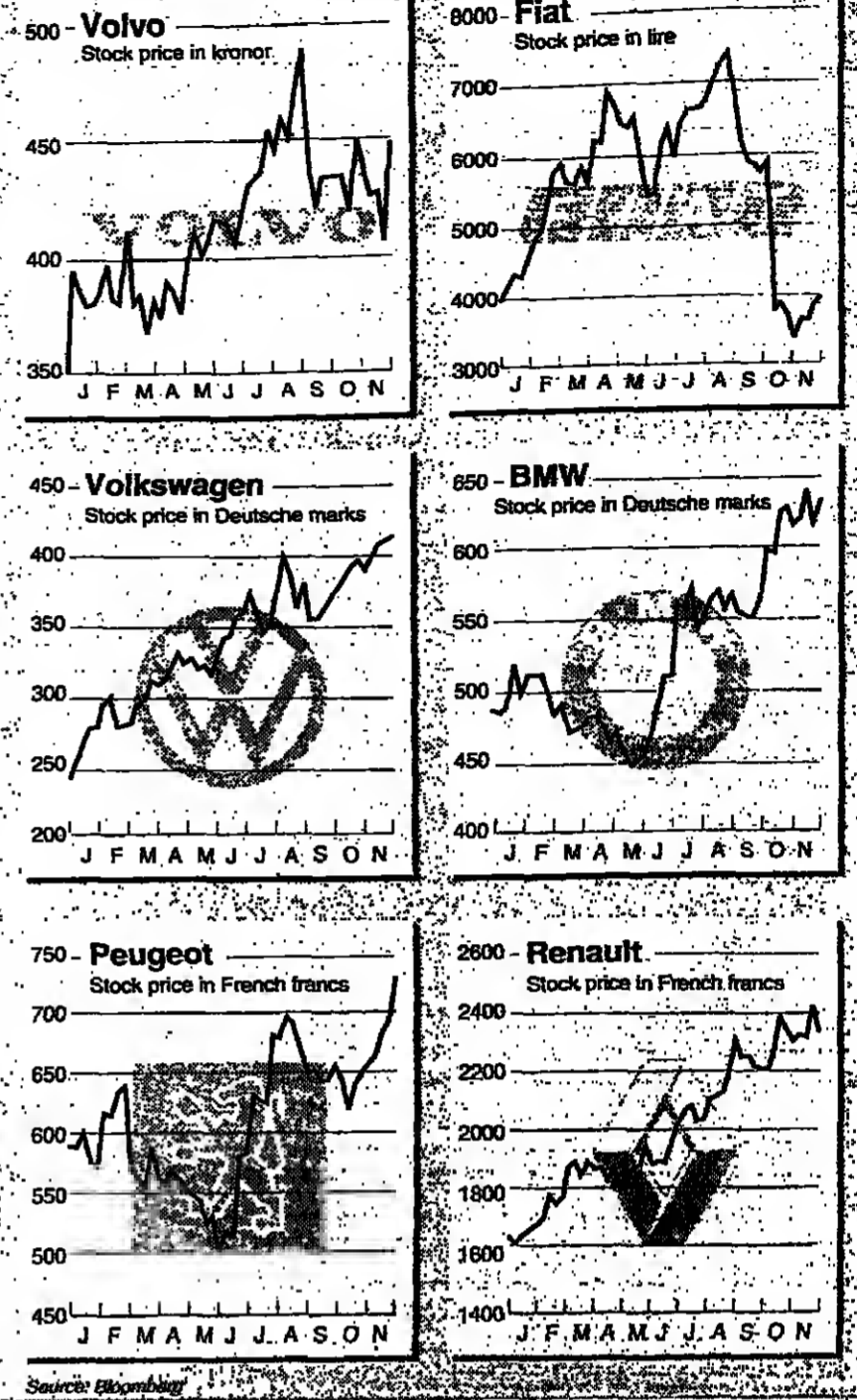
So, investors should not set too much store by bid speculation. But bargains are still to be found. According to Keith Hayes at Merrill Lynch, investors should take their chances now and sell before the market turns down again in five years or so.

"The crunch will come during the next downturn," he said. "The companies won't go into the next downturn with strong balance sheets like they had from the 1980s. And the European market will be entirely open to the Japanese. The potential is scary."

International Intermediaries

- Page 17 Foreign exchange at street level, and how travelers fare.
- Page 18 Best discount broker rates.
- Page 19 Picking an adviser, regulating intermediaries; top bank deposits.

Europe's Auto Industry in 1993



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THE MONEY REPORT

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Banks	N. S. BCI (P)	CCF (F), BS (S), Commerzbank (G)	Soc. Gen. (F)	All banks linked in Visa network	12,000 locations	Most banks
Fees	\$7.5	\$9-\$18	Info not yet available	Charges set by members	\$100-300 (\$35) \$1000-2500 (\$95) \$5000-7500 (\$150)	Yes (\$7.55)
						1.6%
						No
						Charges set by banks
						Barclays: \$25

Take Notes: It Can Be Costly If You Leave Without Them

By Joshua Shapiro

GOING overseas requires lots of careful planning: Passports, visas, shots, tickets, reservations, itineraries, clothing for each occasion and climate. Too often missing from the to do list is bringing foreign currency—a costly omission.

that submit their bills electronically to MasterCard or American Express, the clearing date might even be the same day as the sale. But for most merchants, this would be several days later. For shops in outlying areas, clearing paper receipts might take longer than a week.

When the value of the dollar is stable, the time to clear the charge only has the effect on which billing cycle the charge will appear. But when the value of the dollar is strengthening, the longer the time to post the charges, the better for the purchaser, for it results in lower dollar charges on the monthly statement.

Likewise, when the dollar is drastically falling, it is much better

Transferring Small Sums Looks Risky and Costly

By Barbara Wall

TRANSFERRING small sums of money across borders is slow, prohibitively expensive and unreliable, according to BEUC, the European Consumer's Association. In a survey of 160 European banks, BEUC found the average transfer time for sending approximately \$150 from one EC country to another is six to eight days, and the cost, once bank commissions are added, is equivalent to 14 percent of the transfer value.

Moreover, the survey found that customers have little or no redress if payments are lost in the system. In the transfer exercise, three payments disappeared without trace and the banks concerned denied responsibility for the losses.

Only Eurocheque emerged relatively unscathed from the report. BEUC concluded that Eurocheques are a convenient and cost-efficient method for sending small amounts of money, up to the Eurocheque clearing limit. But it added that Eurocheques were not designed for remote payment, and if a check was intercepted in the post, the originator's right to redress might be limited.

Alarmed by the BEUC report, which was published in Autumn 1992, the EC Commission has since completed its own study. The results, published last August, show that little has changed in the intervening period. The commission tested 1,000 transfers of approximately \$100. Some 70 percent of the bank agencies contacted did not provide any written information on their money transfer ser-

vices, and the average cost was equivalent to 20 percent of the transfer value compared with just 1 percent for domestic transfers.

"Traditional methods used for transferring money overseas are designed for corporate clients," according to an industry spokesman. "Most banks admit that there is a problem with low-value transactions, but the demand is simply not strong enough to justify changing current systems in favor of individual clients."

Nevertheless, several banks have already responded to the challenge and developed their own international networks.

Royal Bank of Scotland was one of the first to set up a service for low-value money transfers. Introduced in 1991, IBOS, or interbank on-line system, is an instant money transfer system that allows individuals and small businesses to transfer money between 800 Royal Bank branches in Britain, 1,200 Banco Santander branches in Spain, 180 Crédit Commercial de France branches in France and 90 Banco de Comercio e Industria branches in Portugal.

"We were keen to develop a sensible strategy for Europe," said a company spokesman. "By electronically merging the Royal Bank network with partner banks in Europe, it will be as if all customer accounts are on the same computer system."

"Funds are transferred immediately and customers will know up-front the total cost of the transaction as costs have been agreed between the Royal Bank and its partners."

The Tiba-Net system, set up by the Cooperative bank and partner banks in France, Germany, Bel-

gium, Italy and Canada, offers a similar low-cost service for individuals. It is unable to offer instantaneous transfers, but the banks involved in the plan guarantee transfers within a specified time period for a flat fee of \$7.55. If you do not have an account with the banks concerned, you are advised to allow an extra four days, beyond the time limit specified, for delivery of the funds.

National Westminster Bank in

These programs have filled a gap in the market, but geographical restrictions may ultimately blunt their competitive edge. Credit card companies and nonbank institutions, for example, are also looking at ways of offering a more comprehensive money transfer service to international clients.

Visa International plans to launch a cross-border payment system that will allow individuals and businesses to transfer and receive

money more cheaply than other money transfer systems, but he was unable to comment on the actual cost to the cardholder as member banks will set their own charges and currency exchange rates. He did, however, stress that the new system will guarantee a safe transfer of money within four to five days and charges will be clearly outlined in Visa statements.

FOR money transfers outside Europe, individuals may be hard pressed to find comparable services.

Instantaneous transfers can be arranged through American Express "Moneygrams," available at 12,000 locations in 60 countries. However, the charges are fairly steep for low-value transactions. Calculated on a sliding scale, the fee for transfers of between \$100 and \$300 works out at about \$35; a transfer of between \$1,000 to \$2,500 will set you back \$95, and \$150 is the set fee for transfers of between \$5,000 to \$7,500. The maximum amount that can be transferred via a "Moneygram" is \$10,000.

Funds can be retrieved by the recipient in cash, traveler's checks or transfer checks subject to local restrictions, the main drawback being that the funds received will be in American dollars. If the recipient requires another currency, funds will have to be changed at a local exchange bureau.

If you are prepared to wait a few days for delivery, an Amex money transfer order is by far the cheapest option. With this system, money can be sent through the post for a flat fee of \$2. Here the currency is restricted to American and Canadian dollars.

Each card provider sets their exchange rates using a variety of different sources, creating the potential for differences between cards.

U.S. residents going abroad have an edge. Their credit cards provide an economical alternative. Unlike commercial money changers that give retail rates for buying and selling currencies, credit card companies use wholesale interbank rates usually reserved for foreign exchange transactions exceeding a million dollars.

U.S. card providers like Visa, MasterCard, American Express, or Diners Club each add a one percent commission on purchases, but this premium is low compared to paying in cash bought at retail rates from a Cambio, Change, Wechsel, or bank. Visa or MasterCard accounts offered by banks in Canada, Europe, and Japan typically charge several percent commissions. The actual amount of this charge must be disclosed in the fine print of the card holder agreement.

During times of currency rate flux, it is important to note that the conversion rate in effect on the day of the card purchase is not generally the one that will be used in preparing the monthly statement. The rate applied is the one on the date when the merchant submits their receipts to the card network for payment. This is termed the "clearing date." The customer is given the "posting date" which is when the purchase is charged to their account. This is generally the same as, but may be sometimes later than, the clearing date.

For some large urban merchants, American Express has for years had its own travel offices that provide cardholder services such as providing a maildrop. AT&T and MBNA both accept collect calls from cardholders overseas. Interest on the balance due and the annual card fees vary by card issuers. Recently, AT&T offered the lower interest rates and annual fees.

Some industry observers regard the way credit card companies do business as being somewhat clubby: "The fact some card companies bother to exchange the exchange rate on their client statements and others don't, hardly speaks well for the efficacy of market forces," said one London-based analyst.

"The main battle is being fought with travelers checks—even though some of the card companies provide this service too."

Ultimately, the card companies will start drawing consumers' attention to factors like exchange rates and settlement processes when travelers checks have gone the way of the dinosaur. Until then, there's a quasi-cartel in operation. And that will continue, unless some consumer organization starts getting excited about the situation.

DIFFERENT issuers also provide various different card services overseas. MasterCard has recently made special arrangements for cardholders with 1,600 Thomas Cook offices that can, for example, change airline reservations.

American Express has for years had its own travel offices that provide cardholder services such as providing a maildrop. AT&T and MBNA both accept collect calls from cardholders overseas. Interest on the balance due and the annual card fees vary by card issuers. Recently, AT&T offered the lower interest rates and annual fees.

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THE MONEY REPORT

Discount Brokers Tap World's Craving for Stocks

By Baie Netzer

EUROPE'S rush to privatize state-owned companies has brought a flood of new interest in stocks from individual investors around the world. As a result, American and British "discount" brokers are racing to win the business of international investors who want to buy and sell securities as cheaply as possible. Some discounters are even offering special services for international clients.

countries. However, Charles Schwab deals only in U.S. securities while Fidelity will trade stocks from around the world. "We initially thought of our London office as a place to serve U.S. expatriates," says Tom Taggart, spokesman for Charles Schwab. "But we've found that a major part of our business now comes from non-U.S. citizens who want to trade in American stocks."

Investors who simply want to trade stocks or bonds as cheaply as possible may find the lowest commissions at so-called "deep-discounters" in the United States.

Indeed, U.S. customers now account for only 50 percent of Schwab's U.K. client base, down from 80 percent when the office opened last February. While Charles Schwab and Fidelity can offer customers extra conveniences such as check writing and low-cost mutual funds, investors who simply want to trade stocks or bonds as cheaply as possible may find the lowest commissions at so-called "deep-discounters" in the United States. These

investors to trade in 52 different British company stocks for a minimum commission of £15 (\$23). Investors searching for the discount broker that best suits their needs must first consider what they need, and what conveniences they are willing to pay extra for. Any of the American discount brokers can deal in U.S. equities; however, not all will offer trading in worldwide markets.

Research reports usually cost extra. Charles Schwab, for instance, charges \$6.75 to mail a research report and \$13 to fax it. Many of the so-called "deep discount" brokers do not provide any research at all.

For clients of U.S. discount brokers, computer trading may provide the best deal of all. While there are usually initial charges for the software and a per-minute charge for the amount of time a user spends on line, most discounters cut their commissions for computer trading. Charles Schwab takes 10 percent off its commissions for investors who trade using its "Equalizer" program, while Pacific Brokerage charges only 2 cents per share in commission for trades executed via computer. "About 10 percent of our computer trading is generated by U.S.

November Market Scoreboard

Best Performers Price November 30 % change Worst Performers Price November 30 % change

Table with columns for Best Performers and Worst Performers, listing various stocks and their price changes for November 30.

Table titled 'New York Stock Exchange' listing various stocks and their price changes.

Table titled 'Frankfurt Stock Exchange' listing various stocks and their price changes.

Table titled 'Paris Stock Exchange' listing various stocks and their price changes.

Table titled 'London Stock Exchange' listing various stocks and their price changes.

Table titled 'Tokyo Stock Exchange' listing various stocks and their price changes.

Table titled 'Discount Brokers' comparing various brokers across categories like U.S. office, 24-hour service, trading by computer, etc.

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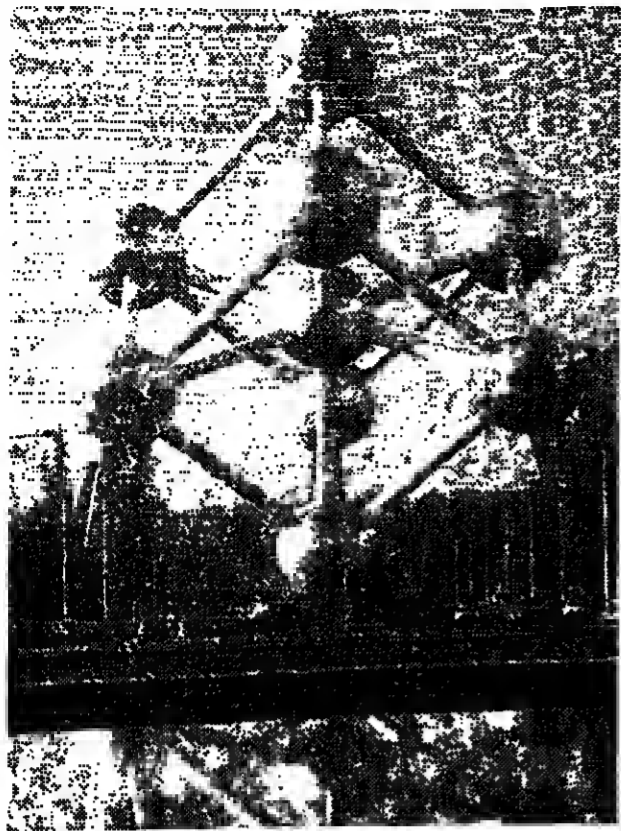
BRIEFCASE section containing several short news items: LCF Banque Launches Fund Linked to French Equities, East German Properties Flop at Auction in Berlin, and New Investment Offers Play On Vietnamese Equities.

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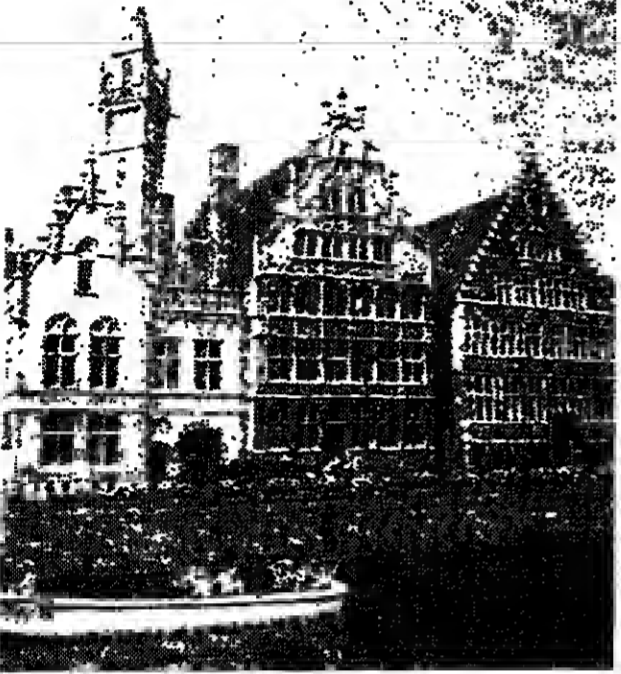
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ADVERTISING SECTION

BELGIUM



At the nucleus of Europe: the Atomium statue in Brussels.



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This advertising section was produced in its entirety by the International Herald Tribune's advertising department. • Peter Gwynne is a writer based in Brussels who specializes in science and technology. • Gregory Härtwatters, a Brussels-based writer, is the author of the forthcoming novel, "A Tale of Two Destinies." • All photos courtesy of the Tourism Office of Belgium.

BELGIUM EXPLORES VIRTUES OF MODERN FEDERALISM

Of the 12 nations in the European Community, Belgium is probably the most appreciative of its membership in the exclusive club. The EC Commission is located in Brussels, and in many ways, the ambitions of the EC reflect those of Belgium, itself a federal state consisting of three regions that each have extensive executive powers.

This year has marked a milestone along Belgium's route to a federal state, with a broadening of the electoral powers of the peoples of the three regions.

The year has also had a dark side for the nation of

11 million have 3 official languages

11 million people. Belgium's much-loved King Baudouin died after 42 years of rule and was replaced by his brother Albert. And Europe's continuing recession forced the coalition government to introduce a tough program to reduce public debt and boost the Belgian franc.

But the government has not lost sight of its role in Europe — a role that has taken on particular importance in the past six months, when Belgium held the presidency of the European Community. The presidency kept the spotlight on the country's moves toward a more complete federalism of its own.

Independent only since 1830, Belgium has long been a nation threatened by division. In recent years, it has also been a country undergoing rapid evolutionary changes in the way in which it is governed. The country has three official languages — a small group of German speakers concentrated in the Eupen-Sankt Vith area in the east, and speakers of Dutch and French. There are two predominant population groups, the Flemings and Walloons, that do not always get along. All this poses cultural problems different from those encountered by other EC nations.

The disagreements are often heated, yet they tend to be expressed symbolically rather than violently. On one Sunday every September, for example, Flemish families in townships around Brussels take to their bicycles to draw attention to Dutch-speaking communities that refuse to become part of the officially bilingual Brussels metropolis. And the French-speaking mayor of a town in Dutch-speaking Flanders has been dismissed from office more than once for refusing to take a mandatory examination in the Dutch language — only to be voted back in immediately.

Nevertheless, very few Belgians want to take the linguistic divide to its limits, via a separation of the two cultural groups. Opinion polls earlier this year showed only 6 percent favoring that option. Instead, the Belgian government, a coalition involv-

ing several parties and representatives from both main cultures, is moving the country quickly toward a federal state in which national sovereignty has a smaller role than in Belgium's EC partners.

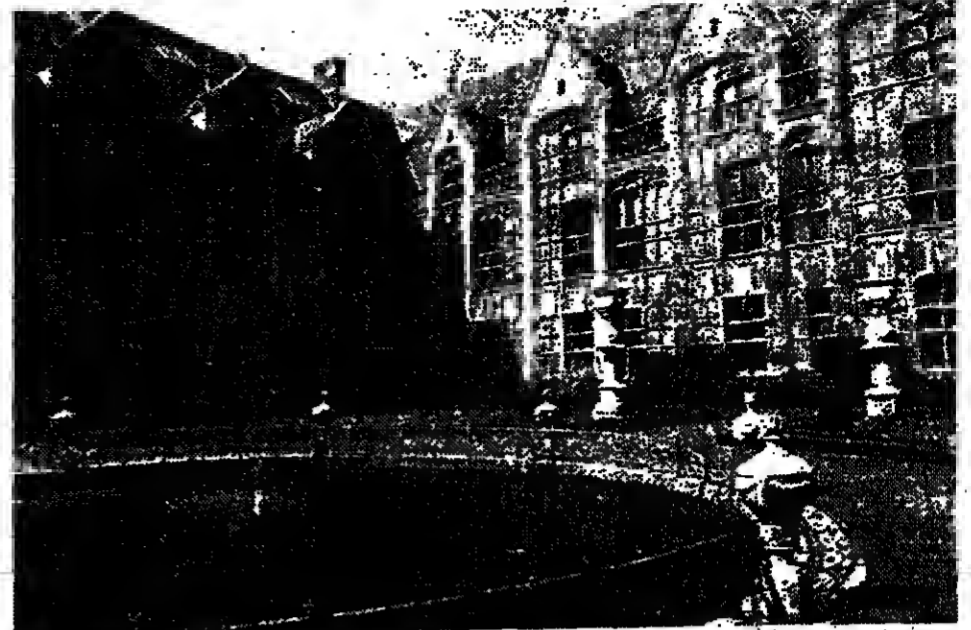
It is here that Belgian officials see the linkage with the EC. The country's own form of federalism and the federalism of the EC are "complementary and indissolubly linked," Prime Minister Jean-Luc Dehaene told the Spanish newspaper El País earlier this year.

Before the organizational changes started, Belgium was a unitary state with three levels of government: the national government, in conjunction with the bicameral parliament, nine provinces, and 589 municipalities.

In 1980, two new sets of institutions were inserted between the government and the provinces: regions and communities. Each region and community has its own executive and monocameral assembly.

Today, Belgium has three regions: Dutch-speaking Flanders, French-speaking Wallonia and (since 1989) the bilingual "region of Brussels-Capital."

The regions have a great



In Wallonia, Liège's Palais des Princes Evêques displays the elegance of an earlier age.

deal of self-sufficiency, particularly in social and economic affairs. They are, for example, responsible for town and country planning, research, environmental protection, housing, economic policy, foreign trade, energy policy, employment policy, and public works and transport.

The three communities, meanwhile, are based on cultural and linguistic factors. The Flemish community operates in the Dutch-language region and in the bilingual region of Brussels. The French community has its center of activity in the French-language region as well as in the bilingual capital region. And the German community takes care of the country's German speakers. The communities deal with such issues as cultural affairs — broadly defined as the arts, cultural heritage, tourism, broadcasting, education and linguistic matters.

In practice, this is less complicated than it might seem. The executives and assemblies of the Flanders Region and the Flemish Community have merged, to form what is known as the Flemish executive and the Flemish council. The joint body has its headquar-

ters in Brussels. The French-language community's executive and assembly are also based in Brussels. The Wallonia Region is based in the city of Namur.

This year has marked a key stage in the transformation of Belgium into a truly federal state. Following on previous moves in 1970 and 1988, the reforms of 1993 have made provisions for direct election to the regional councils of Flanders and Wallonia. Such direct elections are already the case in the regional council for Brussels-Capital.

Peter Gwynne

BRUSSELS: WHY BUSINESS EXECUTIVES ARE ATTRACTED FROM OVERSEAS

In an area of 162 square kilometers, Brussels hosts 33,000 businesses (1,000 of which are foreign-owned), 1,500 nongovernmental organizations, NATO's headquarters, 950,000 residents of over 100 nationalities and the world's second largest diplomatic corps, not to mention the core of the European Community's institutions — the Commission, the Council and many of the Parliament's offices.

"Brussels is the capital of Europe, and every day we get a little more investment because the idea of Europe is advancing," says Rufin Grijp, minister of economics for the Brussels region.

"The presence of the European institutions and of 1,500 nongovernmental institutions has attracted more than 1,000 multinationals. These are not just present in Brussels or Belgium, but also consider Brussels the center of their European business," continues Mr. Grijp.

There is no need to offer incentives, he says. In fact, Mr. Grijp opposes aid to business.

"We're probably among the regions in Europe that give the least aid," he says. "I believe that if you give a lot of money two or three times to companies, they come back like beggars the fourth year. Companies come here due to the role of Brussels as the capital of Europe and its multiplier effect."

The importance of the European Community overshadow-

ows that of the most successful Belgian-wide incentive to business investment, the "coordination center" regime. This offers large tax advantages to a multinational that sets up a subsidiary to perform a prescribed range of administrative activities. Since the scheme's inception in 1982, approximately 300 coordination centers have been established in Belgium, and 170 of these — belonging to companies like General Motors, Levi Strauss and Volkswagen — are in Brussels.

Whatever reason a company has for setting up operations in Brussels, once its executives get there, they tend to stay. "I know an enormous number of foreign executives who come here and never want to go home," says Mr. Grijp. "Even if tax rates are higher here, what an executive takes home is still more than enough, because life in Brussels isn't expensive."

"Here executives can afford a lifestyle they often cannot afford at home," confirms John Russell, EC affairs manager at the American Chamber of Commerce. "Moreover, there's such a large expatriate community and so many types of food and entertainment available that a newcomer does not feel isolated."

Add to that schools of 21 nationalities and housing at affordable rents, and an executive has everything his or her family needs, says Russell and Chantal De Roy of the Brussels region foreign-investment service.

Such a concentration of business is not without its negative consequences. "Brussels also has a certain number of nuisances because of all these companies, such as pollution and transport problems," says Mr. Grijp.

On the question of controlling the environment, Didier Gosuin, Brussels-region environment minister, says that the largest single component of waste is the 800 million tons of construction waste generated every year as Brussels tears down and rebuilds. The problem is replicated in most areas, he says.

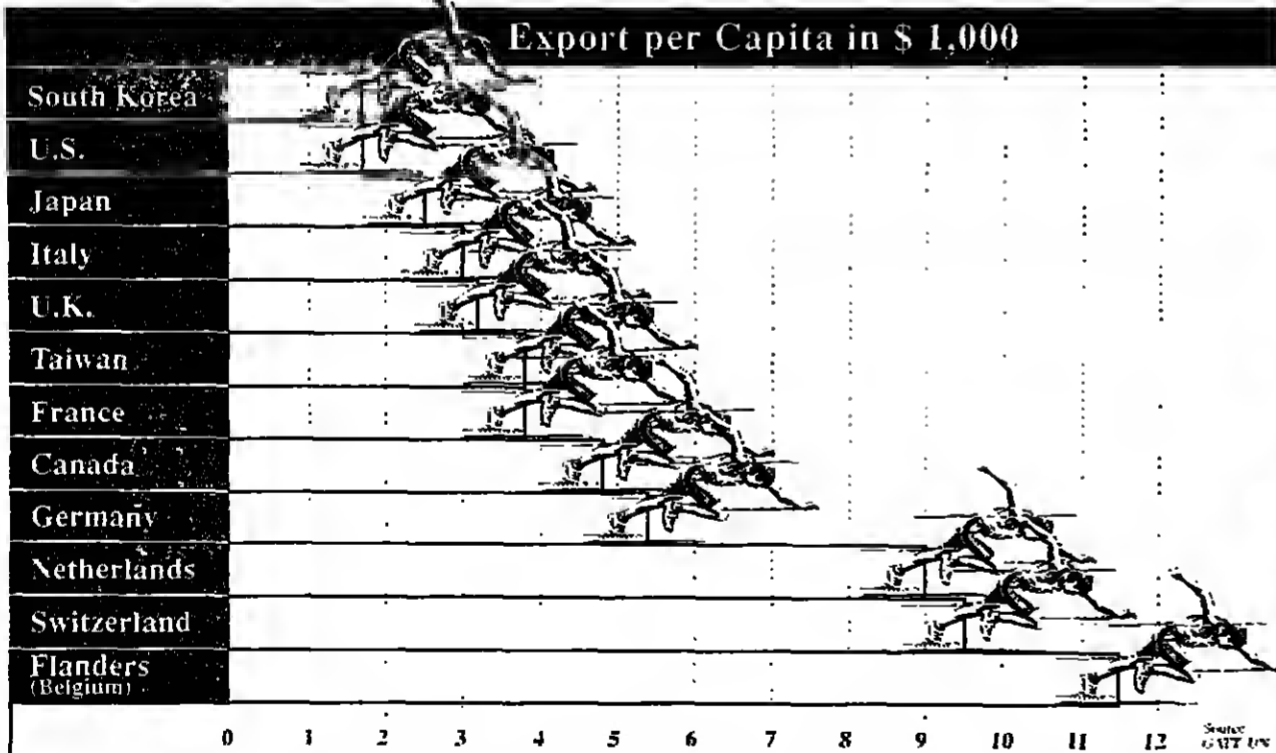
He admits that in 1989, when the Brussels regional government was created, it was a long way behind in environmental matters. "We've made a big effort," he says, "but we still have a way to go before we're as clean as Geneva."

Among the projects that the Brussels government has undertaken are the building of waste-water treatment plants and incineration and recycling facilities so that waste does not simply get taken outside of the city and used as landfill. A new procedure was introduced on Dec. 1 that requires companies to pass an environmental audit every year.

Mr. Gosuin sees a need to re-educate citizens of Brussels who have not learned to respect the environment. "We need to have wider sanctions vis-à-vis the city's residents," he says.

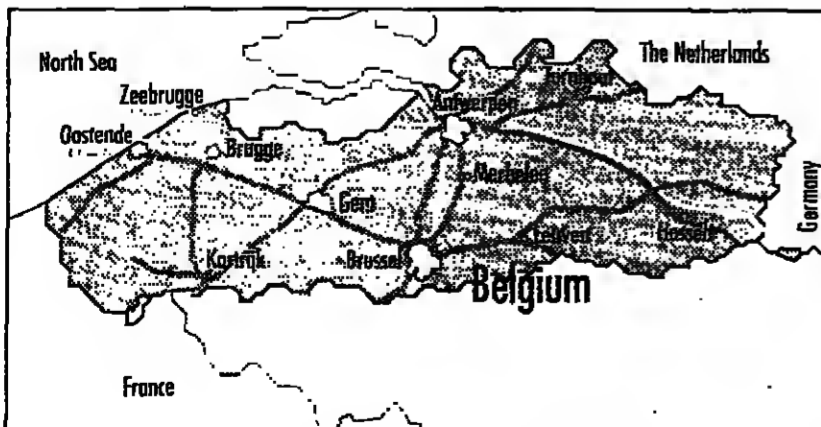
Gregory Härtwatters

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WALLONIA: HIGH-TECH RESEARCH LEADS THE WAY

In terms of industrial technology, Wallonia is one of Europe's better-kept secrets.

Once the thriving center of Continental Europe's industrial revolution, the region has suffered a decline in heavy industry over the past half century. Now, it is beginning to emerge into a high-technology future, with assistance from the European Community and the help of science parks set up to encourage the changing of laboratory research into products that sell.

Wallonia's industrial heritage was created in the 19th century, when the cities of Liège, Mons and Charleroi formed great centers for the production of coal, steel and glass. The decline of these industries hit the region particularly hard. Wallonia lost 110,000 mining jobs between 1953 and 1971, and another 100,000 jobs from all sectors of its economy between 1974 and 1987.

Since then, the region has fought back by converting its industries to turn out products of higher value, often using grants from the European Community. The iron and steel industry, for example, now produces a wide range of finished articles. Glass-makers create a wide range of specialized types of glass, such as hollow crystal glass and laminates. The chemical industry offers a range of

products that varies from plastics to pharmaceuticals.

The region is looking to the next wave of value-added products. Wallonia's goal is to recapture some of the industrial leadership that it possessed in the 19th century by concentrating on modern, cutting-edge technologies. The route leads through industrial parks.

One major venture is biotechnology, the manipulation of genetic material to create entirely new products for medicine, agriculture and other pursuits. Some estimate that the region has the world's highest investment per capita in this technological brave new world.

The region boasts about 50 biotechnology companies. One recent entrant is a true giant in the industry. Early next year, Boehringer Ingelheim Whitaker, a joint venture between German pharmaceutical company Boehringer Ingelheim and U.S. corporation Biowhitaker, will start producing liquid media for cell culture, cell lines and sterile serums. The plant is located in the industrial park of Verviers, near the German border.

Other technology ventures in the region are associated with universities. The University of Liège, for example, has a program called Interface Liège. The goal is to provide links between academia and industry to ensure that raw information and new techniques make their way from the university laboratories to the small and medium-sized firms that can exploit them.

The university acts as a kind of incubation center for fledgling technology-based companies. In the past decade, more than 15 companies have been formed as a result of research at the university.

Just as significant to the future of the Walloon region are two science parks created by the Université Catholique de Louvain. The major one is at Louvain-la-Neuve, the site of the University, which was formed in 1970 when the ancient bilingual institution was split into separate French- and Dutch-speaking components. The site itself is as much a science town as a typical campus.

The park occupies 160 hectares of the 900-hectare site. "In practice," says the park's promotions manager, Jacques van Eijs, "researchers only have to cross the road, and they are in contact with industry, and vice-versa."

The park contains a range of occupants, from multinationals such as Shell and Nissan to one-person operations. "We accept any kind of technology, but we accept companies only if they have a good relationship with the university," explains Danielle Mercier, an adviser at the project's Liaison Office. "We want to diversify all the activities in the park."

At present, the dominant technologies are pharmaceuticals, new polymers and new materials.



Tranquil tourism in the Sablon area of Brussels.

BATTLEFIELDS COMPETE WITH MEDIEVAL SITES

For many tourists, Belgium is more a way-station than a destination—a country through which they pass rather than a stopping point. Nevertheless, the nation offers tourists a range of attractions, from beaches to medieval cathedrals, from wooded river valleys to battlefields galore.

Add frequent festivals throughout the year, a cuisine that gourmets regard as second only to that of France, and more than 400 varieties of beer, some of which are still brewed in monasteries, as they have been since the Middle Ages. In addition, the level of English spoken throughout Belgium is extremely high, and the capital, Brussels, is within a few hours' drive of such centers as Paris, Amsterdam and Düsseldorf. The conclusion: Belgium certainly deserves to be a tourist destination in its own right.

Brussels is unfortunate in its best-known attraction: Manneken Pis, the diminutive statue of a small boy urinating, is meant to represent Brussels' "irreverent spirit." But it hardly competes with the statuary of, say, Paris or London.

The Grand Place, about 200 meters from the statue, is a different matter. A wide cobbled pedestrian square surrounded by the renovated facades of medieval guild houses, it is redolent of European history.

Other attractions in and around Brussels include museums of everything from Flemish art to Central African masks; the Atomium, a giant structure in the shape of an atomic molecule originally designed for the

1956 world fair; the 15th-century church of Notre Dame du Sablon; and the quaint Sablon area, home to a multitude of antique shops.

About 20 kilometers south of Brussels, the town of Waterloo is the site of a battle that changed history with the final defeat of Napoleon. The site itself is unprepossessing, but a 100 meter high monument topped by a statue of a lion, known as the Butte de Lion, provides a spectacular panorama of the scene.

A century after the battle of Waterloo, Belgium was involved in the carnage of the World War I. Battlefields from that era dot the country's landscape.

Mons, south of Brussels, is the site of one of the earliest battles. A complex of museums there contains mementos of World War I, and of the town's occupation by Germany during World War II.

In Flanders, to the west of Brussels, is the town of Ieper (known as Ypres in French). Signs of the 1917 slaughter in Flanders fields remain in the form of ruined buildings, war memorials and huge military cemeteries.

Not all of Flanders' history is so depressing. Bruges, probably Belgium's most popular destination for tourists, is one of the best-preserved medieval cities in Western Europe. Nearby Ghent is another medieval city that has found its way into the tourist guidebooks.

Farther east, Antwerp has gloried recently in the title of Cultural Capital of Europe. Located on the east bank of the Scheldt River, it is a haven for museums and art galleries.

FLANDERS: SKILLED SERVICE AT THE HEART OF EUROPE

Flanders has an image problem—it lacks an immediate image that might attract outside investors.

Officials from the Flemish regional government and from international companies that have been investing in the region for 25 years admit that the territory is not easily recognizable to potential investors in the United States or the Far East.

"We have nothing like Dutch tulips or wooden shoes, with which foreigners can easily identify," says Josee Mercken, managing director of the Flanders Investment Office. The region has not even made use of local treasures like Peter Paul Rubens or contemporary personalities like actor Jean-Claude Van Damme to give the world a better sense of what Flanders has to offer.

When the minister-president of Flanders, Luc Van den Brande, or other Flemish officials make presentations to investors across the world, they tend to concentrate on the ease of doing business there and the central European location of Flanders.

"Our main selling point," says Loïc De Cannière, Mr. Van den Brande's chief of staff, "is that we offer very good service, for example, in obtaining labor and building permits quickly, getting incentives worked out and helping with vocational training and hiring if it's needed. We think we're the natural distribution heart for Europe, including Central Europe. Antwerp is the closest port to Prague."

Flanders has a strong selling point in Antwerp, the second largest port in Europe, and the ports of Zeebrugge, Ostend and Ghent. The region also has five major highways crisscrossing it and, Flemish officials point out, it is within a three-hour drive of Paris, Amsterdam, Düsseldorf and Luxembourg.

But Mr. De Cannière thinks the region has even more to offer. "Flemish workers are highly skilled and multilingual," he says. "We know that tax rates are a bit high, but we have a sophisticated system of deductions, so the effect is to make the tax rate much less than the European average."

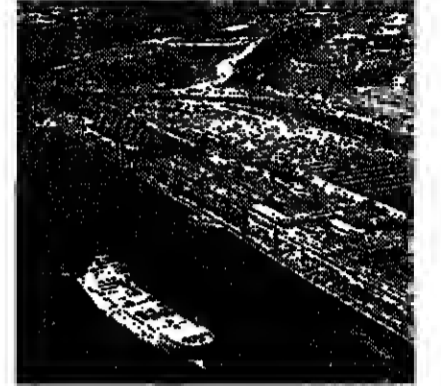
Mr. De Cannière also believes that Belgian labor, despite its apparently high cost, is good value. "We always stress that productivity is high in Flanders, so unit labor costs are favorable compared to Germany," he says.

Mr. De Cannière has unexpected things to say about subsidies. "Studies have shown us that infrastructure is the most important consideration for a

business when making an investment decision," he says. "To this end, we have decreased the amount of subsidies Flanders pays to companies investing in the region from 15 billion Belgian francs (\$4.13 million) in 1990 to 5 billion francs in 1994. We have recycled this 10 billion francs into road infrastructure, port development and scientific research."

Judging from the fact that Nike, Toyota and Mazda invested over 8 billion Belgian francs in Belgium in 1993 for new European distribution, marketing and engineering centers, some companies seem to be listening.

Flanders has restricted new investments in heavy industries; they are allowed only in a crescent of land that runs from Ghent to Antwerp to



Antwerp, the closest port to Prague, makes Flanders a natural center for European distribution.

Heusden. Some types of industrial plant are not allowed in Flanders at all.

"We like to have industry that's clean and environmentally friendly," says Mr. Mercken.

Despite certain headline-catching investments, less money has come to Flanders in 1992 and 1993 than in previous years.

To change that situation, Mr. Mercken says the region will have to market itself more aggressively. It intends to associate itself more with its famous sons and products. Undiscovered treasures include the hundreds of beers from the region, such as Stella Artois, and exotic varieties of trappist, gueuze and white beers.

Flanders seemed to be getting the message across. "We've suddenly had a lot of contacts in the last five to six months, many coming from the United States," Mr. Mercken says. "I presume 1994 will be better."



Science and high technology: where industry and universities meet.

products that varies from plastics to pharmaceuticals.

The region is looking to the next wave of value-added products. Wallonia's goal is to recapture some of the industrial leadership that it possessed in the 19th century by concentrating on modern, cutting-edge technologies. The route leads through industrial parks.

One major venture is biotechnology, the manipulation of genetic material

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SPORTS

So Hard on Prost, Racing Pulls a Punch for Senna

By Brad Spurgeon
Special to the Herald Tribune
PARIS — The International Automobile Federation's decision to give Ayrton Senna a suspended two-race ban for a fight with a fellow driver after the Japanese Grand Prix proves that in auto racing, the word is stronger than the fist.

Before the season started, there was a debate at FISA, which has since been dissolved into the FIA, as to whether Prost should be awarded his suspensions, which all Formula One drivers must have to race. It was a strange thing to be wondering about, given that the man had won more Grand Prix races than anyone in history. But it would have made it a much easier season for certain other drivers if one of the toughest competitors wasn't there driving the best car.

This appeared to be an invitation to the rule-makers to penalize him. The officials said Prost jumped the green light by about a second at the start. Sixty seconds after leading for several laps, Prost was called into the pits to wait out a penalty of 10 seconds. Senna won, but Prost ended in 4th place.

With Senna five points ahead of him in the championship after the race, Prost's enemies must have felt content.

So the fates were with Prost, not to mention his genius, and he won the fourth drivers' title against the odds and the rule-makers.

Vantage Point

One: Senna's offense, for which he was reprimanded Thursday, took the form of a fistfight when he felt that Eddie Irvine, driver from Northern Ireland, was driving recklessly.

Two: Senna's offense, for which he was reprimanded Thursday, took the form of a fistfight when he felt that Eddie Irvine, driver from Northern Ireland, was driving recklessly.

That was when they held the little trial to rap his knuckles for criticizing them while he was on his sabbatical. FISA wanted to ban Prost from up to four Grand Prix races for having spoken his mind while he was not even a driver.

Three: Senna's offense, for which he was reprimanded Thursday, took the form of a fistfight when he felt that Eddie Irvine, driver from Northern Ireland, was driving recklessly.

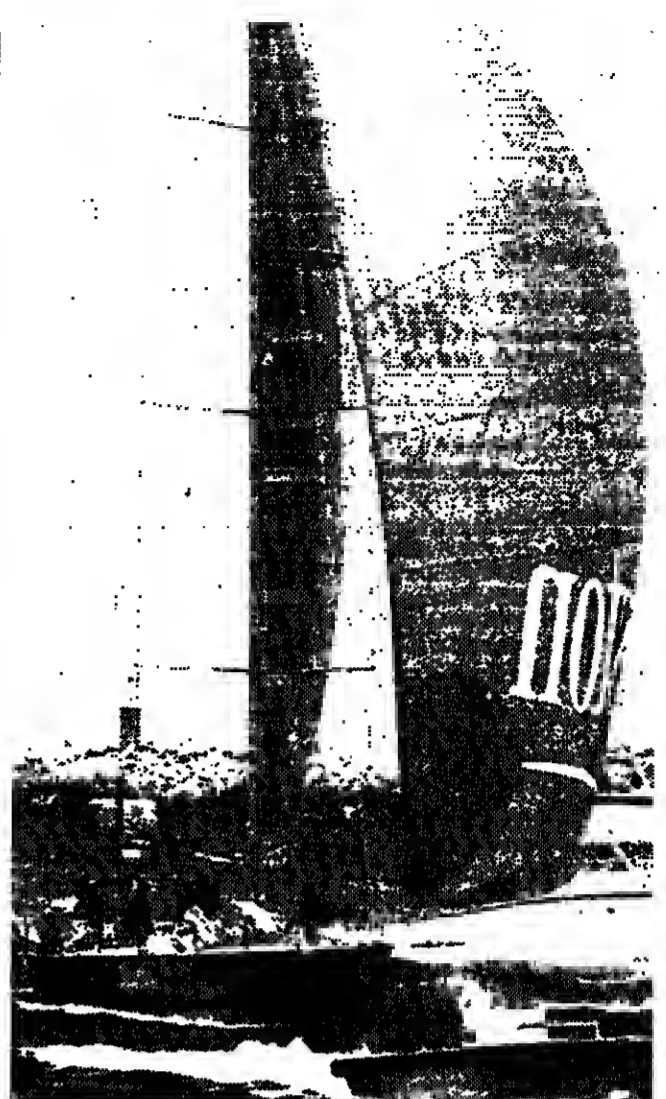
But at the Grand Prix of Monaco, where Prost desperately wanted to win the title for his fifth time, and for his team's first time, he won the pole position, key in Monaco, where it is very hard to pass.

Four: Senna's offense, for which he was reprimanded Thursday, took the form of a fistfight when he felt that Eddie Irvine, driver from Northern Ireland, was driving recklessly.

Prost was penalized for a brilliant demonstration of lucidity early in the race when many cars were sliding about on the lumpy track. He drove off an S-curve to avoid being sliced in half by Martin Brundle's Ligier-Renault, which was sliding out of control in his direction.

Five: Senna's offense, for which he was reprimanded Thursday, took the form of a fistfight when he felt that Eddie Irvine, driver from Northern Ireland, was driving recklessly.

It looks like the 1994 Grand Prix season is shaping up to be at least as interesting as the last one. Or at least for the season's leading driver, Senna, who now has, like his predecessor Prost, the FIA's sword of Damocles over his head.



The U.S. yacht Winston, which claimed a time allowance for going to the aid of a rival in distress, entering Fremantle harbor Friday.

A World Club Cup for Soccer?

ZURICH — Soccer's international governing body on Friday unveiled controversial plans for a world club cup to be held every two years.

Sepp Blatter, general secretary of FIFA, said in an interview with the Swiss daily Tages-Anzeiger that a 16-team inaugural tournament would be held in the summer of 1995 if the plans were approved by FIFA's executive committee in Las Vegas next week.

Blatter said the tournament would probably group eight European teams and two each from the other five continents in FPOA. There would be no qualifying matches; the confederations would select their own representatives.

Citation for Capriati Over a Ring

TAMPA, Florida — The tennis star Jennifer Capriati received a citation after she walked away from a shopping mall stand with a \$15 ring without paying, her agent said Friday.

Sampras Into Semis Of Slam Cup

MUNICH — World No. 1 Pete Sampras tamed Michael Chang's newly acquired big serve on Friday and reached the semifinals of the Grand Slam Cup with a two-set victory, 7-6 (9-7), 6-3.

Recompense Urged For Mercy Mission

FREMANTLE, Australia — Whitbread officials are being asked to make a "bravery award" that could turn the Leg 2 results upside down and engulf the round-the-world sailing race in controversy.

Whitbread's Leg 2 at Issue

Whitbread officials are being asked to make a "bravery award" that could turn the Leg 2 results upside down and engulf the round-the-world sailing race in controversy.

Transactions

BASEBALL American League NEW YORK — Traded Salvo Owen, starting pitcher, to the Los Angeles Angels for pitcher Jose Alvarado.

Baseball Transactions

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SCOREBOARD

BASKETBALL

NBA Standings

Table with columns for Eastern Conference and Western Conference, listing teams and their records.

OLYMPIC SPORTS

Figure Skating

Results of the NHK Cup event in Tokyo: Pairs: Irina Rodnina and Leonid Zharkov, Russia, 1; Marina Anisina and Gennadi Gatsenok, Russia, 2.

TRANSACTIONS

Baseball

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HOCKEY

NHL Standings

Table with columns for Eastern Conference and Western Conference, listing teams and their records.

CRICKET

Second Test

Pakistan vs Zimbabwe, Second Test, Friday, Multan, Pakistan. Pakistan 1st Innings: 248.

CRICKET

First Test

India vs Sri Lanka, First Test, Sri Lanka. India 1st Innings: 194.

CRICKET

Second Test

India vs Sri Lanka, Second Test, Sri Lanka. India 1st Innings: 194.

CRICKET

First Test

India vs Sri Lanka, First Test, Sri Lanka. India 1st Innings: 194.

Major College Scores

Table listing scores for various college sports including basketball, football, and soccer.

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INTERNATIONAL CLASSIFIED advertisement containing various listings for escorts, agencies, and services.

DAVE BARRY

Dog Days in Science

M IAMI—I want to talk about the hidden lives of my dogs. Until recently, I wasn't aware that my dogs had hidden lives. There were many times, such as when they'd take turns repeatedly eating a deceased lizard and throwing it back up, when I wasn't even sure they had brains.

Reading this book got me to thinking about my own dogs. Did they have a hidden life? If so, could I discover it, and—more important—write a best-selling book?

thing in the world; the kitchen counter. One time a piece of turkey fell off of it. The dogs still regularly visit the spot where it landed, in case it shows up again.

This is what my dogs are thinking (if "thinking" is the word I want here) as I get up, walk past Earnest, who is now issuing with rage, and open the door. Instantly Earnest charges BARKBARKBARK into the hall, narrowly missing Zippy, who is charging BARKBARKBARK into my office. Each one goes about five feet, then—WAIT a minute!—skids to a stop, whirls around, and charges back the other way, still barking. Sometimes they'll pass each other three or four times before they run out of momentum and lie down again, confident that, thanks to their alertness, the house is once again safe.

Humor and Religion: One Man's Roots

By Susan Keselenko Coll

L Ondon—"It took me 50 years to be the strenuous, suffering Jew I am." Howard Jacobson observes wryly as a group of unlikely converts to Judaism take a religious plunge into the Atlantic Ocean, "and they want to get there in one day."

The scene is from the writer's latest journey, an ironic but thoughtful exploration of the religion that he has been engaged in cerebral battle with since his formative years in an ethnic Manchester neighborhood.

Like many of his generation, Jacobson says, he always dreamed of escaping his Jewish, working-class roots. He was the first member of his family to attend university, and Cambridge at that. He has since penned four novels and three works of nonfiction, and lives with his non-Jewish wife in an area of London where bagels are in short demand.

But there is more to who we are than how we live: "My own progression from thinking I must have been a switched baby, so Jewish didn't feel, to knowing myself to be so exclusively Jewish that I barely had room to know anything else," he writes, "was not entirely welcome to me."

There are people who say you can't say there's such a thing as a Jewish mind," says Jacobson, "because it's all to do with environment. . . . But I bet there is such a thing as a Jewish mind, and I think if you've got one—and if you're Jewish you've got one—it goes back about 5,000 years."

So what is a Jewish mind, precisely? Aside from a tendency toward irony and self-deprecation, which Jacobson believes evolved as the result of being pushed around historically and geographically, the writer sees a commitment to legalistic, moralistic, "you could almost say nit-picking" argument.

"The hunting down of something," says Jacobson, "the fretting and worrying at something which can exhaust the Gentile mind, but which Jews can do with one another ad infinitum."

Jacobson also includes the love of language in his definition. "You have to get the thing right. You have to say it right, you have to mean it right, you have to write it right. And by making it right intellectually and linguistically, you then make it right morally."

His first, semi-autobiographical novel, "Coming From Behind," was published when he 40, and followed stints as a lecturer in English literature at Sidney University and later at a local polytechnic. In the character of Sefon Goldberg, a self-consciously funny, angst-ridden Jew whose every move is determined by "centuries of bitterness and persecution" (and whose name mutates from Goldberg to Goldspit to Goldfinger when spoken by an



Howard Jacobson: A controversial viewpoint.

oblivious Cambridge Master), one can see the foundations of the journey on which the writer would embark a decade later.

Jacobson was feeling "rootsie," he says, and the need to understand something of the Sefon Goldbergs of the world, as well as the desire to make a unique sort of travel program, drove him to the road. He spends the better part of his travels in the United States, where he mingles with Hasidic Jews in Crown Heights and waits in line to meet the Lubavitcher rebbe while musing on the many ways to which to affix a yarmulke to one's head. He later travels to Los Angeles in search of "beach Judaism" but finds instead "an anxious, buttoned lip, somewhat solemn, somber" community. Rosh Hashanah

in the Catskill Mountains yields his most scabrously funny material, and his rendition of a series of dinner-table conversations, with arguments about bread rolls and seating arrangements, could be slipped into the script of a Woody Allen movie.

Jacobson travels on to Israel, which he views as the spiritual playground of Americans. Although he hopes to avoid becoming embroiled in Israeli politics, he finds himself drawn into argument just the same. "The politics suck you down like quicksand in this city," he writes of Jerusalem. His consequent stabs at analyses that are interwoven with humor, however, creates a mix that has left some critics uneasy.

One reviewer writing in a London newspaper complained of Jacobson's "trivialization of dangerous and important themes," while another reviewer quipped, "If Jacobson was a kosher restaurant, he'd have his license removed."

Yet in the end, Jacobson is arguably on safe ground, saved perhaps by the "Jewish minds" of those he lambastes. Says the author, "Many Orthodox Jews have said 'We don't agree with a word that you're saying, but keep doing it. At least you're talking about it.'"

"It is part of the intellectual tradition that you don't just revere and venerate," he explains, "but that you battle, that you do verbal battle, often very personally with God, because the Jewish God is one that you can actually engage, you fight with, you go to court and have a legal battle with."

"And the Jews are very good at knowing, particularly the Orthodox Jews, interestingly, that that's so much a part of it, that you actually want it, and welcome it."

His views on religion aside, Jacobson is not entirely a stranger to quarrel. His second novel, "Peeping Tom," was boycotted by local feminist bookshops because of its cover, which depicted a naked woman being "hidden" by a man. And he is still remembered in some literary circles for his outspoken views during a televised Booker Prize ceremony several years ago in which he gave a scathing review of one of the nominated books.

With "Roots Schmoots," the controversy seems set to continue. Although the book will be published in the United States next month by Overlook Press, it remains unclear whether the television program, which received partial funding from the Public Broadcasting System affiliate WNET in New York, will air in America. "There seems to be a political correctness problem, as I understand it," says Jacobson. He has agreed to provide a separate script from the version that aired in Britain last spring, and a PBS spokesman would say only that the program is currently "under review."

At the center of debate are scenes such as one in which Jacobson opines that Christ was wrong, that he was narrow-minded and lacked a sense of humor when he overturned the tables of the moneylenders. For the American version, he says, he has amended the text to read: "Jesus was wrong, I think."

Though Jacobson jokes that he could start a new career as a sort of secular rabbi, he has at least temporarily shelved that idea, and is currently at work on a book and television program about the history of humor—a subject as close to his heart as, and possibly inseparable from, religion.

Susan Keselenko Coll is a free-lance writer living in London.

PEOPLE

For 'Sunset Boulevard,' Grand Opening in L.A.

A star-studded audience cheered the U.S. premiere of Andrew Lloyd Webber's musical "Sunset Boulevard" with Glenn Close in the role played by Gloria Swanson on screen. "She was magnificent," said Lana Turner. The opening Thursday in Los Angeles came five months after the premiere in London, where it has been playing to full houses, starring Patti LaPore.

Princess Diana appeared close to tears when she, serenaded by 500 well-wishers at a South London community center on Friday. It was the next-to-last official engagement for the 32-year-old princess, who is giving up royal duties in the face of relentless media attention.

Rocker Lenny Kravitz has cut short a tour of Europe after straining a jaw muscle. Kravitz must stop singing for two to three weeks, his agents said.

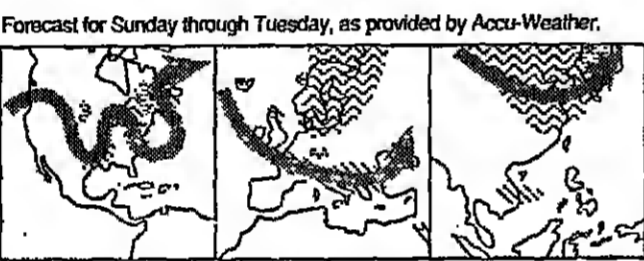
Leona Helmsley, the so-called Queen of Mean now reinstated as head of a hotel empire, has left her mark on Le Marquis Hotel, the former New York Ropelouse that serves as a halfway house for federal inmates. At Le Marquis, Helmsley, who was convicted of income tax evasion, was subject to the same inspections of her spartan quarters that every other "client" underwent. "She was very methodical about the towels matching," one resident said.

When Mark Twain wanted to send a manuscript to a friend whose address he didn't remember, he wrote on the envelope: "For MR. C.M. UNDERHILL, who is in the coal business in one of those streets there, and is very respectably connected, both by marriage & general descent, and is a tall man & old but without any gray hair & used to be handsome. BUFFALO N.Y. From MARK TWAIN P.S. A little bald on the top of his head." Somehow, the post office didn't lose it. Neither did Underhill's family, which has donated it to the Buffalo and Erie County Public Library.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER

Table with weather data for Europe, including High, Low, Wind, and Precipitation for various cities like London, Paris, and Rome.



Forecast for Sunday through Tuesday, as provided by Accu-Weather. The northern half of Europe will have cold weather early next week. London will have mainly dry weather while Paris to Frankfurt has light snow or flurries.

Table with weather data for Asia, including High, Low, Wind, and Precipitation for cities like Bangkok, Hong Kong, and Tokyo.

Asia Typhoon Manry will move westward into central Vietnam early next week. Cloudy, color weather will reach Hong Kong and Taipei early next week. The Philippines will have dry, warm weather. Dry, cold weather will dominate northern and central China. Japan will have cold with snow at Sapporo.

Table with weather data for Middle East and Latin America, including High, Low, Wind, and Precipitation for cities like Beirut, Cairo, and Mexico City.

WEEKEND SKI REPORT

Large table with ski resort reports, including columns for Resort, Depth, Mts., Res., Snow, Last, and Comments for various locations like Andover, Aspen, and Park City.

Large advertisement for the International Herald Tribune, featuring the headline 'A WEEK IN THE LIFE OF THE TRIB' and listing various content sections like Monday Sports, Tuesday Style, and Friday Leisure.